

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name City of Evart	County Osceola
Audit Date 6/30/05	Opinion Date 8/30/05	Date Accountant Report Submitted to State: October 7, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☒ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
Accountant Signature <i>Douglas P. McMillan, C.P.A.</i>		ZIP 49601	
		Date 9/30/2005	

CITY OF EVART, MICHIGAN

JUNE 30, 2005

CITY OF EVART, MICHIGAN
JUNE 30, 2005

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CERTIFIED PUBLIC ACCOUNTANTS

August 30, 2005

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Evart, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evart, Michigan, as of and for the year ended June 30, 2005, which collectively comprise the City of Evart's basic financial statements as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above do not include the complete financial data of two of the City's component units (namely the "Local Development Finance Authority" and the "Downtown Development Authority") which should be included in order to conform with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects on the basic financial statements of the omissions described in the preceding paragraph, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the City of Evart, Michigan, at June 30, 2005, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through xi and budgetary comparison information on page 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Evart, Michigan's basic financial statements. The combining and individual fund financial statements and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop, P.C.

CITY OF EVART, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2005

The management of the City of Evart, Michigan ("the City") offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2005 for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the City's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

Government-Wide

- ❖ The assets of the City exceeded its liabilities at the close of this fiscal year by \$17,992,583 (shown as *Net Assets*). A reconciliation of beginning net assets to ending net assets is presented below:

Net Assets, July 1, 2004	\$ 17,435,376
Capital grant of park property not recognized in prior year's financial statements	390,000
Reduction of Landfill closing costs previously capitalized	(504,702)
Governmental Funds increase in net assets	571,655
Business-Type activities increase in net assets	100,254
Net Assets, June 30, 2005	<u>\$ 17,992,583</u>

Fund Level Financial Highlights

- ❖ As of June 30, 2005, the governmental funds of the City of Evart reported combined ending fund balances of \$979,091, of which \$831,215 is unreserved.
- ❖ The unreserved fund balance of the City's General Fund decreased this year to \$362,605, or 47% of total general fund expenditures. The decrease was \$120,237.

Long-Term Debt

- ❖ The City of Evart's total debt **decreased** by \$10,790 during the fiscal year.

Overview of the Financial Statements

The City of Evart's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

CITY OF EVART, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED JUNE 30, 2005

Government-Wide Financial Statements The *government-wide financial statements* are designed to provide a broad overview of the City's financial position. The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the City as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The *Statement of Net Assets* (Pages 1-2) presents information on all of the City's assets and liabilities, the difference between the two being reported as the Net Assets of the City. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the City is improving or deteriorating. An increase in net assets would indicate an improvement in financial condition. On the other hand, a consistent decrease over time in net assets may indicate a decline in the financial health of an organization.

The *Statement of Activities* (Page 3) gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

Both of these statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the City include general government, public safety, major and local streets, public works, culture and recreation. Business-type activities of the City include water and sewer utility services.

Focus on Funds

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus has shifted, however, to Major Funds, rather than the previous focus on fund types. The City's major Governmental Funds include the General Fund, Major Street Fund, and Local Street Fund. The major Proprietary Funds include the Water and Sewer Funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The City of Evart uses fund accounting to ensure compliance with finance-related legal requirements. There are three basic types of funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds Many of the City's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are

CITY OF EVART, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED JUNE 30, 2005

recorded in the governmental fund statements on the Statement of Revenues, Expenditures and Changes in Fund Balance as an expenditure. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. Governmental funds for the City include the General Fund as well as the special revenue, capital project, debt service and permanent funds.

Proprietary Funds Proprietary funds account for services for which the City charges its customers for the services they are provided. These charges can be to external customers or other agencies within the City. There are two types of proprietary funds:

- Enterprise funds are used to report business-like activities of the City. These activities intend to recover the full cost of the services through the fee charged to the customers. The City has two enterprise funds, which are the Water Fund and Sewer Fund.
- Internal Service funds are the second type of proprietary funds. These funds provide services to other departments within the City. These funds allow the City to allocate costs of centralized services such as the City's vehicle fleet. The City has one internal service fund, the Equipment Pool Fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available for supporting the City's programs. These funds are accounted for using the full accrual method of accounting, much like the Proprietary funds.

Component Units The City's financial statements include reporting on separate legal entities for which the City has some level of financial responsibility. These funds are shown in a separate column. The City's component units include the Downtown Development Authority, and the Local Development Finance Authority. The Downtown Development Authority and the Local Development Finance Authority are not included in this report, due to the unavailability of their year end financial statements at the press date of this report.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements. This information can be found beginning on page 37 of this report.

CITY OF EVART, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2005

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the City's financial position over time. The Net Assets of the City are \$17,992,583 at June 30, 2005, meaning that the City's assets were greater than its liabilities by this amount. A comparison with the previous fiscal year is presented in order to show the change in Net Assets over the previous fiscal year.

City of Evart
Net Assets as of June 30, 2005

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 1,132,067	\$ 1,315,791	\$ 3,162,066	\$ 3,549,874	\$ 4,294,133	\$ 4,865,665
Capital Assets	6,656,591	5,955,124	8,306,376	7,690,551	14,962,967	13,645,675
Total Assets	<u>\$ 7,788,658</u>	<u>\$ 7,270,915</u>	<u>\$ 11,468,442</u>	<u>\$ 11,240,425</u>	<u>\$ 19,257,100</u>	<u>\$ 18,511,340</u>
Long-term liabilities	\$ 232,319	\$ 234,517	\$ 776,286	\$ 782,028	\$ 1,008,605	\$ 1,016,545
Other liabilities	37,235	88,949	218,677	85,172	255,912	174,121
Total Liabilities	<u>\$ 269,554</u>	<u>\$ 323,466</u>	<u>\$ 994,963</u>	<u>\$ 867,200</u>	<u>\$ 1,264,517</u>	<u>\$ 1,190,666</u>
Net Assets						
Invested in capital assets						
net of related debt	\$ 6,475,321	\$ 5,758,754	\$ 7,485,175	\$ 6,861,915	\$ 13,960,496	\$ 12,620,669
Restricted	135,055	134,683	0	0	135,055	134,683
Unrestricted	908,728	1,054,012	2,988,304	3,511,310	3,897,032	4,565,322
Total Net Assets	<u>\$ 7,519,104</u>	<u>\$ 6,947,449</u>	<u>\$ 10,473,479</u>	<u>\$ 10,373,225</u>	<u>\$ 17,992,583</u>	<u>\$ 17,320,674</u>

The most significant portion of the City's Net Assets is the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the City used to acquire or construct the asset. The City has \$3,897,032 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by City policies regarding their use.

The total net assets of the City increased \$671,909 in this fiscal year, which is a good indicator that the City experienced positive financial growth during the year. As a result, the City ended the fiscal year in better condition than when the year started. The following table illustrates and summarizes the results of the changes in the Net Assets for the City. The condensed information was derived from the government-wide Statement of Activities.

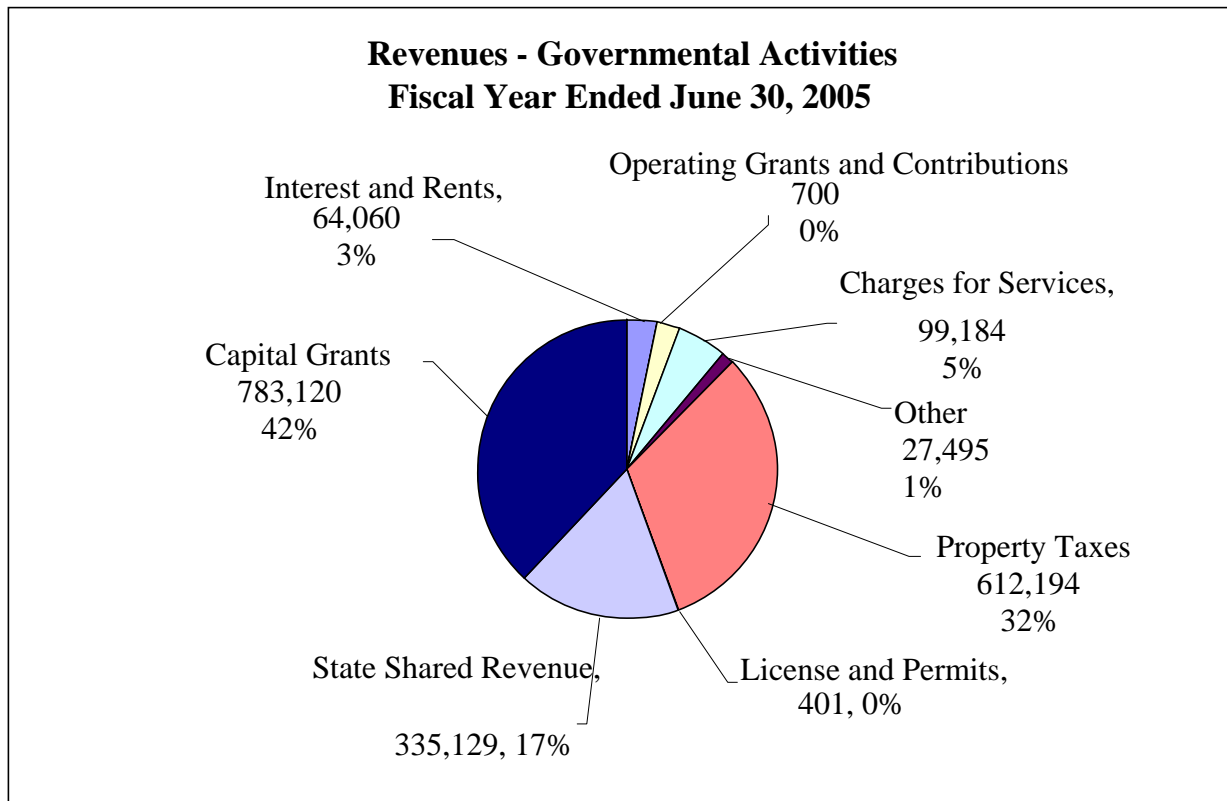
CITY OF EVART, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2005

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$ 99,184	\$ 104,870	\$ 991,653	\$ 1,099,761	\$ 1,090,837	\$ 1,204,631
Operating Grants and Contributions	162,128	245,991	0	0	162,128	245,991
Capital Grants and Contributions	783,120	0	0	0	783,120	0
General Revenues						
Property Taxes and Assessments	612,194	586,538	0	0	612,194	586,538
State Shared Revenue	173,701	178,161	0	0	173,701	178,161
License and Permits	401	0	0	0	401	0
Unrestricted Investment Earnings	64,060	54,350	82,349	60,541	146,409	114,891
Other Revenues	27,495	143,659	18,098	13,264	45,593	156,923
Total Revenues	\$ 1,922,283	\$ 1,313,569	\$ 1,092,100	\$ 1,173,566	\$ 3,014,383	\$ 2,487,135
<u>Expenses</u>						
Legislative	\$ 3,513	\$ 5,228	\$ 0	\$ 0	\$ 3,513	\$ 5,228
General Government	272,217	283,412	0	0	272,217	283,412
Public Safety	357,272	402,791	0	0	357,272	402,791
Public Works	510,806	574,364	0	0	510,806	574,364
Recreation and Culture	93,828	49,969	0	0	93,828	49,969
Community and Economic Development	55,571	57,711	0	0	55,571	57,711
Other Functions	47,783	49,435	0	0	47,783	49,435
Interest on Long-Term Debt	9,638	11,641	0	0	9,638	11,641
Water and Sewer	0	0	991,846	945,279	991,846	945,279
Total Expenses	\$ 1,350,628	\$ 1,434,551	\$ 991,846	\$ 945,279	\$ 2,342,474	\$ 2,379,830
Increase (Decrease) in Net Assets	571,655	(120,982)	100,254	228,287	671,909	107,305
Beginning Net Assets	6,947,449	7,068,431	10,373,225	10,144,938	17,320,674	17,213,369
Ending Net Assets	\$ 7,519,104	\$ 6,947,449	\$ 10,473,479	\$ 10,373,225	\$ 17,992,583	\$ 17,320,674

Governmental Activities

The following chart details the revenue sources for the governmental activities of the City for the fiscal year ended June 30, 2005:

CITY OF EVART, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2005



A significant portion of the revenue for all governmental activities of the City of Evart comes from Property Taxes (32%). The City's operating millage remained the same in 2005 at 14.5539 mills. The City's charter allows the City to levy up to 15.00 mills for operations. Due to State statutes, the City is currently at its maximum tax levy, and is unable to increase the millage without the approval of the voters.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax and motor fuel and weight taxes. In 2005, the amount of state shared revenue received by the City trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

The City's governmental activities expenses are dominated by the Public Works expenses that total 37.8% of total expenses. The City spent \$510,806 in FY2005 on Public Works. Public Safety represented the next largest expense at \$357,272, or 26.45% of total expenses within the governmental activities. Expenses in the Major Street Fund of \$226,610 and Local Street Fund of \$50,333 represent a majority of the Public Works expenditures, along with infrastructure depreciation of \$183,320..

Business-Type Activities

These activities accounted for an increase of \$100,254 in the City's Net Assets.

CITY OF EVART, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2005

The Business-Type activities of the City include the Water Fund and Sewer Fund, which provide water and sewer utility services to City residents as well as commercial customers.

Financial Analysis of the Government's Funds

Governmental Activities At the completion of the City's fiscal year ended June 30, 2005, its governmental funds reported fund balances of \$979,091. Of this amount, \$831,215, or 84.9% is unreserved. Of this amount \$447,438 of unreserved and undesignated fund balance exists in the City's Special Revenue funds. The remaining \$147,876 of fund balance of the governmental funds is reserved for specific purposes and is therefore not available for new appropriation.

General Fund – The General Fund is the main operating fund of the City. The General Fund decreased its fund balance in this fiscal year by \$120,237, bringing the balance to \$368,869. Unreserved fund balance decreased by \$119,624. General Government, Public Safety and Public Works ended the year with expenditures above appropriated amounts. Interest income for the General Fund increased by \$584, or 3.3% due to current market conditions producing increased rates of return. Property tax revenues in the General Fund increased \$16,475 in 2005, an increase of 2.8%. State shared revenue decreased by \$6,355 from the amount received in the previous fiscal year, representing a 3.5% reduction which resulted from State actions in response to the economic slowdown experienced throughout the State.

Major Street Fund – The Major Street Fund completed the improvements for Main Street in this fiscal year. The fund balance of the Major Street Fund ended the year at \$159,672. This was a reduction of \$52,812 from the previous year. The City used funds accumulated from previous years in order to complete this year's projects.

Local Street Fund – The fund balance of this fund is at \$140,612 an increase of \$53,509, during this fiscal year.

Proprietary Funds The City's proprietary funds provide virtually the same information as the government-wide statements; however more detail may be found in the fund financial statements.

Water Fund – The Water Fund ended this fiscal year with \$2,030,193 in unrestricted net assets. However, due to decreased usage the total operating revenues of the fund decreased from \$586,217 in FY2004 to \$499,340 in 2005. This fund experienced an increase in interest income of \$14,791, or 33.4% from the previous fiscal year. The net assets of the fund increased by \$62,749.

Sewer Fund – The Sewer Fund ended this fiscal year with \$919,231 in unrestricted net assets. However, due to decreased usage the total operating revenues decreased from \$526,808 in FY2004 to \$510,411 in 2005. The fund experienced an increase in interest income of \$7,017, or 43.3% from the previous fiscal year. The net assets of the fund increased \$27,822.

CITY OF EVART, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2005

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for the governmental and business-type activities as of June 30, 2005 amounted to \$14,962,967 (net of accumulated depreciation). Capital assets of the City include any items purchased that cost in excess of \$5,000 and have an expected useful life of over one year. The City has invested in a broad range of capital assets, as detailed below:

City of Evart
Capital Assets as of June 30, 2005

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land and Land Improvements	\$ 3,569,319	\$ 2,731,093	\$ 463,591	\$ 463,591	\$ 4,032,910	\$ 3,194,684
Infrastructure	5,650,908	5,499,594	0	0	5,650,908	5,499,594
Buildings	956,180	956,180	32,960	973,456	989,140	1,929,636
Improvements other than Buildings	0	0	11,120,955	9,503,254	11,120,955	9,503,254
Machinery and Equipment	551,943	509,697	779,600	603,898	1,331,543	1,113,595
Subtotal	10,728,350	9,696,564	12,397,106	11,544,199	23,125,456	21,240,763
Accumulated Depreciation	(4,071,759)	(3,741,439)	(4,090,730)	3,853,648	(8,162,489)	(7,595,087)
Net Capital Assets	<u>\$ 6,656,591</u>	<u>\$ 5,955,125</u>	<u>\$ 8,306,376</u>	<u>\$15,397,847</u>	<u>\$14,962,967</u>	<u>\$13,645,676</u>

Major capital asset events during FY2005 included the following:

- Water System improvements were completed in 2005 at a cost of \$663,443.
- Sewer System improvements were completed in 2005 at a cost of \$207,690.
- The Skate Park was completed at a cost of \$91,086. The Local Development Finance Authority contributed \$50,000 to the project.
- A street improvement project was completed on Main Street. Over \$151,315 of street construction and improvement took place in this fiscal year.
- The Local Development Finance Authority completed a beautification project along US-10 at a cost of \$733,120. After completion, the beautification project was donated to the City. This included street lights, sidewalks, curbs and gutters. It did not include the street construction as this belongs to the State of Michigan.

Additional information regarding the City's capital assets can be found in the Notes to Financial Statements section on pages 28-31.

Long-Term Debt. As of June 30, 2005, the City had total bonded debt outstanding of \$981,800. Of this amount, \$166,800 comprises debt backed by the full faith and credit of the City. The

CITY OF EVART, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2005

remainder of the City's debt represents bonds secured solely by specified revenue sources. All of the revenue bonds are from the Sewer Fund (\$815,000), which are backed by revenues from the Sewer system and have been used to finance major capital projects within the Sewer system.

City of Evart Outstanding Debt
General Obligation and Revenue Bonds
as of June 30, 2005

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General Obligation Bonds \$	166,800	169,900	\$ 0	0	\$ 166,800	169,900
Contracts and Notes	14,470	26,470	6,201	13,636	20,671	40,106
Revenue Bonds	0	0	815,000	815,000	815,000	815,000
Total	<u>\$ 181,270</u>	<u>196,370</u>	<u>\$ 821,201</u>	<u>828,636</u>	<u>\$ 1,002,471</u>	<u>1,025,006</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation based on the City's assessed valuation of \$45,000,000 is \$4,500,000, which is significantly in excess of the City's outstanding general obligation debt of \$166,800.

The City issued no new debt in FY2005, and the total debt decreased \$10,790. More information on the City's long-term debt is available in the Notes to Financial Statements section of this document.

Contacting the City's Finance Department

This financial report is designed to provide the wide variety of users of this document with a general overview of the City's finances and demonstrate the City's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the City of Evart, Pamela Wayne, City Treasurer, 200 S. Main, Evart, MI 49631, or call us at (231) 734-2181.

The financial reports for the Downtown Development Authority and the Local Development Finance Authority, both component units of the City, can be obtained by contacting Dan Elliott, Director, at 127 N. River Street, Evart, Michigan 49631, or call (231) 734-6119.

CITY OF EVART
EVART, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2005

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	
<u>Assets</u>			
Cash	\$ 822,655	\$ 2,507,803	\$ 3,330,458
Accounts Receivable	73,406	249,565	322,971
Taxes Receivable	7,877	0	7,877
Special Assessments Receivable	64,850	32,224	97,074
Mortgages Receivable	18,325	0	18,325
Due from Component Unit - DDA/LDFA	7,475	0	7,475
Internal Balances	(6,298)	6,298	0
Inventories	0	1,154	1,154
Prepaid Expenses	8,818	3,519	12,337
Restricted Assets			
Permanently Restricted Cash	134,959	361,503	496,462
Total Assets	<u>\$ 1,132,067</u>	<u>\$ 3,162,066</u>	<u>\$ 4,294,133</u>
<u>Capital Assets</u>	\$ 10,728,350	\$ 12,397,106	\$ 23,125,456
Less Accumulated Depreciation	<u>(4,071,759)</u>	<u>(4,090,730)</u>	<u>(8,162,489)</u>
Total Capital Assets	<u>\$ 6,656,591</u>	<u>\$ 8,306,376</u>	<u>\$ 14,962,967</u>
TOTAL ASSETS	<u><u>\$ 7,788,658</u></u>	<u><u>\$ 11,468,442</u></u>	<u><u>\$ 19,257,100</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF EVART
EVART, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2005

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<u>Liabilities and Net Assets</u>			
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 21,110	\$ 153,387	\$ 174,497
Accrued Interest Payable	1,355	20,375	21,730
Current Portion of Non Current Liabilities	14,770	44,915	59,685
Total Current Liabilities	\$ 37,235	\$ 218,677	\$ 255,912
<u>Non Current Liabilities</u>			
Bonds Payable	\$ 166,800	\$ 815,000	\$ 981,800
Compensated Absences	65,819	0	65,819
Equipment Contracts Payable	14,470	6,201	20,671
Less Current Portion of Non Current Liabilities	(14,770)	(44,915)	(59,685)
Total Non Current Liabilities	\$ 232,319	\$ 776,286	\$ 1,008,605
Total Liabilities	\$ 269,554	\$ 994,963	\$ 1,264,517
<u>Net Assets</u>			
Invested in Capital Assets			
Net of Related Debt	\$ 6,475,321	\$ 7,485,175	\$ 13,960,496
Restricted for:			
Debt Service	4	0	4
Perpetual Care	135,051	0	135,051
Unrestricted	908,728	2,988,304	3,897,032
Total Net Assets	\$ 7,519,104	\$ 10,473,479	\$ 17,992,583
TOTAL LIABILITIES AND NET ASSETS	\$ 7,788,658	\$ 11,468,442	\$ 19,257,100

The notes to the financial statements are an integral part of this statement.

CITY OF EVART
EVART, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<u>Primary Government</u>							
Governmental Activities							
Legislative	\$ 3,513	\$ 0	\$ 0	\$ 0	\$ (3,513)	\$ 0	\$ (3,513)
General Government	272,217	0	0	0	(272,217)	0	(272,217)
Public Safety	357,272	1,934	0	0	(355,338)	0	(355,338)
Public Works	510,806	54,582	161,428	733,120	438,324	0	438,324
Recreation and Culture	93,828	42,668	700	50,000	(460)	0	(460)
Community and Economic Development	55,571	0	0	0	(55,571)	0	(55,571)
Other Functions	47,783	0	0	0	(47,783)	0	(47,783)
Interest on Long Term Debt	9,638	0	0	0	(9,638)	0	(9,638)
Total Governmental Activities	\$ 1,350,628	\$ 99,184	\$ 162,128	\$ 783,120	\$ (306,196)	\$ 0	\$ (306,196)
Business-type Activities							
Water	\$ 490,858	\$ 484,128	\$ 0	\$ 0	\$ 0	\$ (6,730)	\$ (6,730)
Sewer	500,988	507,525	0	0	0	6,537	6,537
Total Business-type Activities	\$ 991,846	\$ 991,653	\$ 0	\$ 0	\$ 0	\$ (193)	\$ (193)
Total Primary Government	\$ 2,342,474	\$ 1,090,837	\$ 162,128	\$ 783,120	\$ (306,196)	\$ (193)	\$ (306,389)
<u>General Revenues</u>							
Property Taxes					\$ 612,194	\$ 0	\$ 612,194
State Shared Revenues					173,701	0	173,701
License and Permits					401	0	401
Interest and Rents					64,060	82,349	146,409
Other Revenues					27,495	18,098	45,593
Total General Revenues					\$ 877,851	\$ 100,447	\$ 978,298
Change in Net Assets					\$ 571,655	\$ 100,254	\$ 671,909
<u>NET ASSETS - Beginning of Year</u>					6,947,449	10,373,225	17,320,674
<u>NET ASSETS - End of Year</u>					\$ 7,519,104	\$ 10,473,479	\$ 17,992,583

The notes to the financial statements are an integral part of this statement.

CITY OF EVART
EVART, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2005

	General Fund	Major Streets Fund	Local Streets Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 315,580	\$ 142,763	\$ 136,782	\$ 184,341	\$ 779,466
Receivables (Net, Where Applicable of Allowances for Uncollectables)					
Taxes	7,877	0	0	0	7,877
Accounts	48,746	18,355	6,305	0	73,406
Special Assessments	0	64,850	0	0	64,850
Mortgages	0	0	0	18,325	18,325
Due from Component Unit	7,475	0	0	0	7,475
Due from Other Funds	4,694	0	0	1,020	5,714
Prepaid Expenses	6,264	848	364	826	8,302
Restricted Cash	0	0	0	134,959	134,959
 TOTAL ASSETS	 \$ 390,636	 \$ 226,816	 \$ 143,451	 \$ 339,471	 \$ 1,100,374
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 9,156	\$ 418	\$ 73	\$ 6,280	\$ 15,927
Due to Other Funds	12,611	1,876	2,766	4,928	22,181
Deferred Revenue	0	64,850	0	18,325	83,175
 Total Liabilities	 \$ 21,767	 \$ 67,144	 \$ 2,839	 \$ 29,533	 \$ 121,283
<u>Fund Balance</u>					
Reserved for Prepaid Expenses	\$ 6,264	\$ 848	\$ 364	\$ 826	\$ 8,302
Reserved for Debt Service	0	0	0	4	4
Reserved for Endowment	0	0	0	135,051	135,051
Designated for Skate Park	0	0	0	575	575
Designated for Equipment	0	0	0	3,944	3,944
Unreserved, Undesignated	362,605	158,824	140,248	169,538	831,215
 Total Fund Balances	 \$ 368,869	 \$ 159,672	 \$ 140,612	 \$ 309,938	 \$ 979,091
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 390,636	 \$ 226,816	 \$ 143,451	 \$ 339,471	 \$ 1,100,374

The notes to the financial statements are an integral part of this statement.

CITY OF EVART
EVART, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS

JUNE 30, 2005

Total Governmental Fund Balances		\$ 979,091
Amounts reported for governmental activities in the statement of net assets are different because:		
Adjustment to reflect the consolidation of Internal Service Fund activities, related to governmental activities fund.		230,641
Long-term receivables are not available to pay current period expenditures and therefore are deferred in governmental funds		
Special Assessments Receivable	64,850	
Mortgages Receivable	<u>18,325</u>	83,175
Capital assets used in governmental activities are not financial resources and are not reported in the funds		
The cost of the capital assets is	10,266,463	
Accumulated depreciation is	<u>(3,806,292)</u>	6,460,171
Long term liabilities are not due and payable in the current period and are not reported in the funds		
Bonds Payable		(166,800)
Accrued Interest Payable		(1,355)
Compensated Absences		<u>(65,819)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 7,519,104</u>

The notes to the financial statements are an integral part of this statement.

CITY OF EVART
EVART, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2005

	General Fund	Major Streets Fund	Local Streets Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 603,013	\$ 9,181	\$ 0	\$ 0	\$ 612,194
Licenses and Permits	401	0	0	0	401
State Grants	173,701	119,173	42,255	0	335,129
Contributions from Local Units	0	0	0	50,700	50,700
Charges for Services	56,516	0	0	42,668	99,184
Fines and Forfeits	364	0	0	0	364
Interest and Rents	18,233	7,791	3,287	34,749	64,060
Other Revenue	15,634	0	0	11,497	27,131
Total Revenues	\$ 867,862	\$ 136,145	\$ 45,542	\$ 139,614	\$ 1,189,163
<u>Expenditures</u>					
Legislative	\$ 3,513	\$ 0	\$ 0	\$ 0	\$ 3,513
General Government	179,932	0	0	42,551	222,483
Public Safety	352,609	0	0	0	352,609
Public Works	192,675	226,610	50,333	0	469,618
Recreation and Culture	0	0	0	192,874	192,874
Community and Economic Development	0	0	0	900	900
Other Functions	47,783	0	0	0	47,783
Debt Service					
Principal	0	0	0	3,100	3,100
Interest and Fiscal Charges	0	0	0	8,283	8,283
Total Expenditures	\$ 776,512	\$ 226,610	\$ 50,333	\$ 247,708	\$ 1,301,163
Excess (Deficiency) of Revenues Over Expenditures	\$ 91,350	\$ (90,465)	\$ (4,791)	\$ (108,094)	\$ (112,000)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 50,253	\$ 58,300	\$ 115,634	\$ 224,187
Transfers Out	(211,587)	(12,600)	0	0	(224,187)
Total Other Financing Sources (Uses)	\$ (211,587)	\$ 37,653	\$ 58,300	\$ 115,634	\$ 0
Net Change in Fund Balance	\$ (120,237)	\$ (52,812)	\$ 53,509	\$ 7,540	\$ (112,000)
<u>Fund Balance - Beginning of Year</u>	489,106	212,484	87,103	302,398	1,091,091
<u>Fund Balance - End of Year</u>	\$ 368,869	\$ 159,672	\$ 140,612	\$ 309,938	\$ 979,091

The notes to the financial statements are an integral part of this statement.

CITY OF EVART
EVART, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

Net change in Fund Balances Total Governmental Funds	\$ (112,000)
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Amounts reported for governmental activities are different because:

Adjustment to reflect the consolidation of Internal Service Fund activities and Permanent Fund activities related to governmental funds.	22,594
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Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(305,232)
Capital Outlay	256,421

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.

Contribution of US-10 Trunkline Improvements from Local Development Finance Authority	733,120
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Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - End of Year	(1,355)
--	---------

Repayments of principal on long-term debt are an expenditure in the governmental funds, but not in the statement of activities (where they are a reduction of liabilities)	3,100
--	-------

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred Revenue - Beginning of Year	(96,423)
Deferred Revenue - End of Year	83,175

Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	54,074
Compensated Absences - End of Year	(65,819)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 571,655</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF EVART
EVART, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2005

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			Governmental
	<u>MAJOR FUNDS</u>			Activities-
	Water	Sewage	Totals	Internal Service
	Supply	Disposal		Fund
<u>Assets</u>				
<u>Current Assets</u>				
Cash	\$ 1,978,729	\$ 511,331	\$ 2,490,060	\$ 59,144
Receivables (Net, Where Applicable, of Allowances for Uncollectables):				
Accounts	162,729	86,836	249,565	0
Special Assessments	32,224	0	32,224	0
Due from Other Funds	0	0	0	32,651
Inventory	0	1,154	1,154	0
Prepaid Expense	1,594	1,704	3,298	737
Total Current Assets	\$ 2,175,276	\$ 601,025	\$ 2,776,301	\$ 92,532
<u>Restricted Assets</u>				
Cash	\$ 0	\$ 361,503	\$ 361,503	\$ 0
<u>Property, Plant and Equipment</u>				
Land	\$ 5,500	\$ 458,091	\$ 463,591	\$ 0
Land Improvements and Additions	5,630,538	5,490,417	11,120,955	0
Buildings	32,960	0	32,960	0
Machinery and Equipment	266,202	315,447	581,649	659,838
	\$ 5,935,200	\$ 6,263,955	\$ 12,199,155	\$ 659,838
Less Accumulated Depreciation	1,805,587	2,171,372	3,976,959	379,238
Total Property, Plant and Equipment	\$ 4,129,613	\$ 4,092,583	\$ 8,222,196	\$ 280,600
TOTAL ASSETS	\$ 6,304,889	\$ 5,055,111	\$ 11,360,000	\$ 373,132
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts Payable	\$ 136,967	\$ 14,965	\$ 151,932	\$ 4,850
Accrued Interest Payable	0	20,375	20,375	0
Due to Other Funds	8,116	7,957	16,073	111
Total Current Liabilities	\$ 145,083	\$ 43,297	\$ 188,380	\$ 4,961
<u>Current Liabilities Payable From Restricted Assets</u>				
Current Portion of Long-Term Liabilities				
Revenue Bonds	\$ 0	\$ 40,000	\$ 40,000	\$ 0
Equipment Contracts	0	0	0	16,385
Total Current Liabilities Payable from Restricted Assets	\$ 0	\$ 40,000	\$ 40,000	\$ 16,385

The notes to the financial statements are an integral part of this statement.

CITY OF EVART
EVART, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2005

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Governmental
	MAJOR FUNDS			Activities-
	Water	Sewage		Internal Service
	Supply	Disposal	Totals	Fund
Long-Term Liabilities				
Revenue Bonds	\$ 0	\$ 775,000	\$ 775,000	\$ 0
Equipment Contracts	0	0	0	4,286
Total Long-Term Liabilities	\$ 0	\$ 775,000	\$ 775,000	\$ 4,286
Total Liabilities	\$ 145,083	\$ 858,297	\$ 1,003,380	\$ 25,632
Net Assets				
Invested in Capital Assets, Net of Related Debt	\$ 4,129,613	\$ 3,277,583	\$ 7,407,196	\$ 259,929
Unrestricted	2,030,193	919,231	2,949,424	87,571
Total Net Assets	\$ 6,159,806	\$ 4,196,814	\$ 10,356,620	\$ 347,500
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds.			116,859	
Net Assets of Business-type Activities			\$ 10,473,479	

The notes to the financial statements are an integral part of this statement.

CITY OF EVART
EVART, MICHIGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2005

	Water Supply	Sewage Disposal	Totals	Governmental Activities- Internal Service Fund
<u>Operating Revenues</u>				
Charges for Services	\$ 484,128	\$ 507,525	\$ 991,653	\$ 0
Rental	0	0	0	174,544
Other Revenue	15,212	2,886	18,098	0
Total Operating Revenues	<u>\$ 499,340</u>	<u>\$ 510,411</u>	<u>\$ 1,009,751</u>	<u>\$ 174,544</u>
<u>Operating Expenses</u>				
Personal Services	\$ 102,970	\$ 99,986	\$ 202,956	\$ 16,808
Employee Benefits	46,778	43,836	90,614	5,449
Professional Services	9,623	8,215	17,838	2,795
Office Supplies and Expense	3,179	2,093	5,272	0
Telephone and Telegraph	2,977	4,440	7,417	0
Insurance	1,551	1,645	3,196	11,238
Operating Supplies and Expense	104,108	85,349	189,457	54,486
Heat, Light and Power	72,204	74,417	146,621	106
Depreciation	123,804	123,339	247,143	48,027
Rentals	28,506	21,759	50,265	1,707
Total Operating Expenses	<u>\$ 495,700</u>	<u>\$ 465,079</u>	<u>\$ 960,779</u>	<u>\$ 140,616</u>
Operating Income (Loss)	<u>\$ 3,640</u>	<u>\$ 45,332</u>	<u>\$ 48,972</u>	<u>\$ 33,928</u>
<u>Nonoperating Revenues (Expenses)</u>				
Interest Income	\$ 59,109	\$ 23,240	\$ 82,349	\$ 746
Interest and Fiscal Charges	0	(40,750)	(40,750)	(2,397)
Total Nonoperating Revenues (Expenses)	<u>\$ 59,109</u>	<u>\$ (17,510)</u>	<u>\$ 41,599</u>	<u>\$ (1,651)</u>
Net Income (Loss)	<u>\$ 62,749</u>	<u>\$ 27,822</u>	<u>\$ 90,571</u>	<u>\$ 32,277</u>
<u>Net Assets - Beginning of Year</u>	<u>6,097,057</u>	<u>4,168,992</u>		<u>315,223</u>
<u>Net Assets - End of Year</u>	<u><u>\$ 6,159,806</u></u>	<u><u>\$ 4,196,814</u></u>		<u><u>\$ 347,500</u></u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds.			<u>9,683</u>	
Change in Net Assets of Business-type Activities			<u><u>\$ 100,254</u></u>	

The notes to the financial statements are an integral part of this statement.

CITY OF EVART
EVART, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

JUNE 30, 2005

	Water Supply	Sewage Disposal	Totals	Governmental Activities- Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 436,633	\$ 493,352	\$ 929,985	\$ 0
Receipts from Interfund Services Provided	0	0	0	141,893
Payment to Suppliers	(146,820)	(243,876)	(390,696)	(75,752)
Payment to Employees	(102,970)	(73,854)	(176,824)	(16,808)
Net Cash Provided by Operating Activities	<u>\$ 186,843</u>	<u>\$ 175,622</u>	<u>\$ 362,465</u>	<u>\$ 49,333</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	\$ (663,444)	\$ (207,690)	\$ (871,134)	\$ (60,019)
Principal Paid on Capital Debt	0	0	0	(19,435)
Interest Paid on Capital Debt	0	(40,750)	(40,750)	(2,397)
Proceeds from the Sale of Capital Assets	0	0	0	3,000
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (663,444)</u>	<u>\$ (248,440)</u>	<u>\$ (911,884)</u>	<u>\$ (78,851)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Collection of Advances	\$ 33,636	\$ 0	\$ 33,636	\$ 0
Interest Received	59,109	23,240	82,349	746
Net Cash Provided (Used) by Investing Activities	<u>\$ 92,745</u>	<u>\$ 23,240</u>	<u>\$ 115,985</u>	<u>\$ 746</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (383,856)</u>	<u>\$ (49,578)</u>	<u>\$ (433,434)</u>	<u>\$ (28,772)</u>
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>2,362,585</u>	<u>922,412</u>	<u>3,284,997</u>	<u>87,916</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u><u>\$ 1,978,729</u></u>	<u><u>\$ 872,834</u></u>	<u><u>\$ 2,851,563</u></u>	<u><u>\$ 59,144</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF EVART
EVART, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

JUNE 30, 2005

	Water Supply	Sewage Disposal	Totals	Governmental Activities- Internal Service Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 3,640	\$ 45,332	\$ 48,972	\$ 33,928
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	\$ 123,804	\$ 123,339	\$ 247,143	\$ 48,027
(Increase) Decrease in Current Assets				
Accounts Receivable	(73,374)	(17,059)	(90,433)	0
Special Assessment Receivable	3,031	0	3,031	0
Due from Other Funds	7,446	0	7,446	(32,651)
Prepaid Expense	1,862	1,092	2,954	576
Increase (Decrease) in Current Liabilities				
Accounts Payable	112,180	2,870	115,050	(658)
Accrued Interest Payable	0	20,375	20,375	0
Due to Other Funds	8,064	(327)	7,737	111
Customer Deposits Payable	190	0	190	0
Total Adjustments	\$ 183,203	\$ 130,290	\$ 313,493	\$ 15,405
Net Cash Provided by Operating Activities	\$ 186,843	\$ 175,622	\$ 362,465	\$ 49,333

The notes to the financial statements are an integral part of this statement.

CITY OF EVART
EVART, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2005

	Tax Agency Accounts
<u>Assets</u>	
Cash	\$ 138,236
Personal Property Taxes Receivable	<u>18,195</u>
Total Assets	<u>\$ 156,431</u>
<u>Liabilities</u>	
Accounts Payable	\$ 130,636
Due to Other Governmental Units	<u>25,795</u>
Total Liabilities	<u>156,431</u>
<u>Net Assets</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Evart, Michigan, was incorporated August 1, 1938, and adopted its current charter on July 1, 1983. The City is located in Osceola County. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire protection), highways and streets, sanitation, health, culture-recreation, public improvements, planning and zoning, housing rehabilitation and general administrative services. In addition, the City operates two major enterprise activities; a water supply system and a sewage collection and treatment system. The City financial statements include the accounts of all City operations.

The financial statements of the City of Evart, Michigan (government) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

As required by generally accepted accounting principles, except for the exclusion of the Downtown Development Authority and the Local Development Finance Authority, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. The blended and the discretely presented component units have a June 30 year end.

BLENDED COMPONENT UNITS

Evart Building Authority

The Evart Building Authority is a municipal, non-profit, non-stock corporation organized under the laws of the State of Michigan solely for the purpose of acquiring and owning buildings for lease to the City. Due to this special financing relationship, the Authority is considered a component of the City's reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially responsible.

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City of Evart reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

The *Major Street Fund* is used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and for the maintenance contract of the state trunklines. It accounts for all construction, maintenance, traffic services and snow and ice control of all streets designated as major.

The *Local Street Fund* receives all local street money paid to the city by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

The City of Evart reports the following major proprietary funds:

The *Water Fund* records financial activity of the water system which provides water to customers.

The *Sewer Fund* records financial activity of the sewage disposal services to its customers.

Additionally the City of Evart reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The *debt service funds* account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *proprietary funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

The *permanent funds* are accounted for using the accrual method of accounting. Permanent funds account for assets that are legally restricted to the extent that only the earnings, and not the principal, may be used.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved.

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund, Sewer Fund, and of the City's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and for internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

Investments - The City's investment policy is in compliance with state law and authorizes the City to invest in passbook savings accounts, negotiable and nonnegotiable certificates of deposit, repurchase agreements backed by the United States government or federal agency obligations, United States Treasury bills and bonds, bankers acceptances, federal agency instruments, money market funds and commercial paper. Investments in commercial paper must be rated in one of the two highest rating categories by Standard and Poor's or Moody's and are limited to fifty percent of a funds portfolio in accordance with state statutes. Investments are stated at fair value which is determined using selected bases. Securities traded on a national exchange are valued at the last reported sales price. Managed funds not listed on

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

an established market are reported at fair value as determined by the respective fund managers based on quoted prices of underlying securities.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of uncollectibles.

3. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The City bills and collects its own property taxes and also taxes for the county and school districts. Collections of the county and school taxes and remittance of them to the taxing units are accounted for in the Winter Current Tax Collection Fund. County and school taxes are billed and due December 1, and become delinquent after February 14. City property tax revenues are recognized when levied, thus none of the 2005 summer roll has been recognized in these statements. City taxes are billed and due July 1, and become delinquent after August 10. City tax collections are accounted for in the Summer Tax Collection Fund. The school 6 mill tax levy is also collected on the summer tax roll.

4. Restricted Assets

The restricted assets of the Sewage Disposal Fund consists of bond and interest redemption, bond reserve and system improvement deposits. These have been set up in keeping with the bond indenture agreements. The restricted assets of the Cemetery Perpetual Care Fund produce interest earnings which are restricted to the care of the Cemetery.

5. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Inventories held by the General, Water and Internal Service Funds are not considered material and are not included in these financial statements.

6. Mortgages Receivable

Mortgages Receivable as reported in the Special Revenue Funds consist of the following:

Mortgages resulting from loans made with H.U.D. grant monies to assist low and moderate income families to bring their homes up to the City building code. These loans are either low interest or interest free. An allowance for uncollectible amounts has been recorded.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair market value of the item at the date of its donation.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. No interest was incurred for the current year's acquisitions and improvements.

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

Property, plant and equipment are depreciated in all funds of the government using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	20-50
Public Domain Infrastructure	20-30
Mains and Connections	20-100
Equipment	10-20
Intangibles	3-5

8. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for nonvesting, unpaid accumulated sick leave. Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and capital projects funds. All annual appropriations lapse at fiscal year-end.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 20, the City Manager submits, to the City Council, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
4. All transfers of budget amounts between departments within any fund and any revisions that alter the total expenditures of any fund must be approved by the City Council. General Fund expenditures may not legally exceed appropriations at the major function level. Expenditures in all other funds may not exceed appropriations at the total fund level.
5. Budgets for the General, Special Revenue and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council from time to time throughout the year. The City amended its budget four times during the current fiscal year.
6. Budget appropriations lapse at the end of the fiscal year for all funds, except for certain capital projects which are adopted on a per project basis.

B. Funds with expenditures in excess of appropriations were as follows:

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>
General Fund			
General Government	\$ 165,161	\$	179,932
Public Safety	349,608		352,609
Public Works	189,313		192,675

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits

The City's deposits and investments are all on deposit with Citizen's Bank, Chemical Bank, and Central Michigan Credit Union.

Investment rate risk. The City will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the City's cash requirement.

Foreign currency risk. The City is not authorized to invest in investments, which have this type of risk.

Credit risk. The City will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the City's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the City will do business in accordance with the City's investment policy.

Concentration of credit risk. The City will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2005, \$3,043,329 of the government's bank balance of \$3,969,086 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered, or securities held by the City or the City's agent in the City's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the City's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the City's name. At year end all of the City's investments were uncategorized as to risk.

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

The City's deposits are owned by several of the City's funds. At year end, the carrying amount of the primary government's deposits was \$3,965,156 and the bank balance was \$3,969,086. \$925,754 of the bank balance was covered by federal depository insurance, and \$3,043,329 was uninsured and uncollateralized. This amount included \$2,985,816 of time certificates of deposit and money market accounts which have been classified as cash on the balance sheets.

A reconciliation of cash follows:

	PRIMARY GOVERNMENT
Cash on Hand	\$ 300
Carrying amount of Deposits	<u>3,964,856</u>
Total	\$ <u><u>3,965,156</u></u>
Government-wide Statement of Net Assets	
Cash	\$ 3,826,920
Statement of Fiduciary Net Assets	
Cash	<u>138,236</u>
Total	\$ <u><u>3,965,156</u></u>

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Major and Local Street	Water and Sewer	Nonmajor and Other Funds	Total
Receivables					
Taxes	\$ 7,877	\$ 0	\$ 0	\$ 0	\$ 7,877
Accounts	18,634	0	249,365	0	267,999
Intergovernmental	30,112	24,660	0	0	54,772
Special Assessments					
Current	0	0	32,224	0	32,224
Deferred	0	64,850	0	0	64,850
Mortgages and Notes	0	0	0	21,325	21,325
Less:					
Allowance for Uncollectibles	0	0	0	(3,000)	(3,000)
Net Receivables	<u>\$ 56,623</u>	<u>\$ 89,510</u>	<u>\$ 281,589</u>	<u>\$ 18,325</u>	<u>\$ 446,047</u>

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

By ordinance, the City can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred Revenue	
	Unavailable	Unearned
Special Assessment Receivable (Special Revenue Funds)	\$ 64,850	0
Mortgages Receivable (Special Revenue Funds)	18,325	0
	<u>\$ 83,175</u>	<u>0</u>

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 767,072	\$ 0	\$ 0	\$ 767,072
Capital assets, being depreciated				
Buildings	\$ 956,180	\$ 0	\$ 0	\$ 956,180
Intangibles	13,488	0	0	13,488
Land Improvements	1,964,020	838,227	0	2,802,247
Machinery and Equipment	36,048	0	0	36,048
Office Equipment	40,520	0	0	40,520
Paved Roads	5,453,956	151,314	0	5,605,270
Unpaved Roads	45,638	0	0	45,638
Total capital assets, being depreciated	<u>\$ 8,509,850</u>	<u>\$ 989,541</u>	<u>\$ 0</u>	<u>\$ 9,499,391</u>
Less accumulated depreciation for:				
Buildings	\$ 87,717	\$ 19,176	\$ 0	\$ 106,893
Intangibles	12,528	629	0	13,157
Land Improvements	787,478	95,700	0	883,178
Machinery and Equipment	9,514	3,522	0	13,036
Office Equipment	26,770	2,885	0	29,655
Paved Roads	2,551,192	181,799	0	2,732,991

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

	Beginning Balance	Increases	Decreases	Ending Balance
Unpaved Roads	25,861	1,521	0	27,383
Total accumulated depreciation	\$ 3,501,060	\$ 305,232	\$ 0	\$ 3,806,292
Total capital assets, being depreciated, net	\$ 5,008,790	\$ 684,309	\$ 0	\$ 5,693,099
Governmental activities capital assets, net	\$ 5,775,862	\$ 684,309	\$ 0	\$ 6,460,171
Internal Service Fund net capital assets				196,420
Net capital assets per Statement of Net Assets				\$ 6,656,591

Business-Type Activities

Sewer

Capital assets, not being depreciated				
Land	\$ 458,091	\$ 0	\$ 0	\$ 458,091
Capital assets, being depreciated				
Machinery and Equipment	\$ 293,644	\$ 21,803	\$ 0	\$ 315,447
Sewer Connection Lines	2,917,249	185,887	0	3,103,136
Treatment System	2,387,281	0	0	2,387,281
Total capital assets, Sewer, being depreciated	\$ 5,598,174	\$ 207,690	\$ 0	\$ 5,805,864
Less accumulated depreciation for:				
Machinery and Equipment	\$ 259,481	\$ 7,138	\$ 0	\$ 266,619
Sewer Connection Lines	923,211	56,723	0	979,934
Treatment System	865,341	59,478	0	924,819
Total accumulated depreciation, Sewer	\$ 2,048,033	\$ 123,339	\$ 0	\$ 2,171,372
Total capital assets, Sewer, being depreciated, net	\$ 3,550,141	\$ 84,351	\$ 0	\$ 3,634,492
Sewer capital assets, net	\$ 4,008,232	\$ 84,351	\$ 0	\$ 4,092,583

Water

Capital assets, not being depreciated				
Land	\$ 5,500	\$ 0	\$ 0	\$ 5,500

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated				
Buildings	\$ 32,960	\$ 0	\$ 0	\$ 32,960
Machinery and equipment	94,076	3,787	0	97,863
Mains and Connections	2,922,700	276,382	0	3,199,082
Meters	77,438	90,901	0	168,339
Tower	1,198,586	0	0	1,198,586
Wells and Control Building	940,496	292,374	0	1,232,870
Total capital assets, Water, being depreciated	\$ 5,266,256	\$ 663,444	\$ 0	\$ 5,929,700
Less accumulated depreciation for:				
Buildings	\$ 29,725	\$ 249	\$ 0	\$ 29,974
Machinery and equipment	55,032	4,711	0	59,743
Mains and Connections	716,322	58,417	0	774,739
Meters	77,336	10,173	0	87,509
Tower	354,423	22,138	0	376,561
Wells and Control Building	448,945	28,116	0	477,061
Total accumulated depreciation, Water	\$ 1,681,783	\$ 123,804	\$ 0	\$ 1,805,587
Total capital assets, Water, being depreciated, net	\$ 3,584,473	\$ 539,640	\$ 0	\$ 4,124,113
Water capital assets, net	\$ 3,589,973	\$ 539,640	\$ 0	\$ 4,129,613
Total capital assets, net				
Business-type activities	\$ 7,598,205	\$ 623,990	\$ 0	\$ 8,222,196
Internal Service Fund net capital assets				84,180
Net capital assets per Statement of Net Assets				\$ 8,306,376

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 56,517
Public Safety	4,663
Public Works	183,320
Recreation and Culture	6,061
Community and Economic Development	54,671
Total depreciation expense - governmental activities	\$ 305,232
Business-type activities:	
Sewer	\$ 123,339
Water	123,804
Total depreciation expense - business-type activities	\$ 247,143

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2005, were:

<u>FUND</u>	INTERFUND RECEIVABLES DUE FROM'S	INTERFUND PAYABLES DUE TO'S
Primary Government Only Due from/to Other Funds:		
General Fund	\$ 4,694	\$ 12,611
Special Revenue Fund		
Major Street Fund	0	1,876
Local Street Fund	0	2,766
1976 Housing Rehab Fund	900	0
1983 Housing Rehab Fund	0	900
Park Recreation Fund	0	3,682
Cemetery Fund	0	345
Capital Projects Fund – Building Authority	0	1
Enterprise Fund		
Water Supply System	0	8,116
Sewage Disposal System	0	7,957
Equipment Pool		
General Fund	12,611	111
Major Street Fund	1,626	0
Local Street Fund	2,655	0
Park Recreation Fund	3,682	0
Cemetery Fund	225	0
Sewage Disposal System	5,604	0
Water Supply System	6,248	0
Fiduciary Funds		
Cemetery Trust Fund	120	0
Total Primary Government	\$ 38,365	\$ 38,365
Primary Government Due from Component Units:		
General Fund		
Local Development Financing Authority	\$ 4,325	
Downtown Development Authority	3,150	
	\$ 7,475	

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

Interfund payables and receivables are not presented for the component units, Local Development Finance Authority and Downtown Development Authority, because they are not presented in the financial statements as stated earlier in Note IA.

D. Leases

The City is committed under two leases, one for a postage meter \$1,140 annually and one for (2) Harley-Davison motor cycles \$1,000 per year, renewable annually. The leases are operating leases with no contingent lease payments. Future minimum lease payments for the postage meter are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2006	1,140
2007	855
	<u>\$ 1,995</u>

E. Changes in Long-Term Debt

The following is a summary of debt transactions of the City of Evart for the year ended June 30, 2005:

Governmental Activities:

	<u>GENERAL OBLIGATION BONDS</u>	<u>OTHER DEBT</u>	<u>TOTAL</u>
Debt Payable at July 1, 2004	\$ 169,900	\$ 80,544	\$ 250,444
Debt Retired	(3,100)	(12,000)	(15,100)
New Debt Issued	0	11,745	11,745
DEBT PAYABLE AT JUNE 30, 2005	\$ 166,800	\$ 80,289	\$ 247,089

Debt payable at June 30, 2005 is comprised of the following individual issues:

Governmental Activities

General Obligation

\$178,300, 2001 Building Authority bonds due in annual installments of \$3,300 to \$11,000 through May 1, 2031; interest at 4.875%	\$ 166,800
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CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

Other Debt

Compensated Absences

Vested sick and vacation pay owed to City employees under various contracts and agreements (this debt is payable from the General Fund and various Special Revenue Funds)

65,819

Contract Payable - 2000 International Dump Truck-Grader

Equipment pool owes \$939 per month including interest at 7.29% for 72 months through September 2006

14,470

Total Governmental activities

\$ 247,089

The annual requirements to amortize debt outstanding other than vested sick and vacation pay as of June 30, 2005, are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS	OTHER DEBT	TOTAL
2006			
Principal	\$ 3,300	\$ 11,470	\$ 14,770
Interest	8,132	677	8,809
Total	\$ 11,432	\$ 12,147	\$ 23,579
2007			
Principal	\$ 3,400	\$ 3,000	\$ 6,400
Interest	7,970	36	8,006
Total	\$ 11,370	\$ 3,036	\$ 14,406
2008			
Principal	\$ 3,600	\$ 0	\$ 3,600
Interest	7,804	0	7,804
Total	\$ 11,404	\$ 0	\$ 11,404
2009			
Principal	\$ 3,800	\$ 0	\$ 3,800
Interest	7,630	0	7,630
Total	\$ 11,430	\$ 0	\$ 11,430
2010			
Principal	\$ 4,000	\$ 0	\$ 4,000
Interest	7,444	0	7,444
Total	\$ 11,444	\$ 0	\$ 11,444

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

2011-2015						
Principal	\$	23,100	\$	0	\$	23,100
Interest		34,102		0		34,102
Total	\$	57,202	\$	0	\$	57,202
2016-2020						
Principal	\$	29,500	\$	0	\$	29,500
Interest		27,884		0		27,884
Total	\$	57,384	\$	0	\$	57,384
2021-2025						
Principal	\$	37,500	\$	0	\$	37,500
Interest		19,944		0		19,944
Total	\$	57,444	\$	0	\$	57,444
2026-2030						
Principal	\$	47,600	\$	0	\$	47,600
Interest		9,876		0		9,876
Total	\$	57,476	\$	0	\$	57,476
2031						
Principal	\$	11,000	\$	0	\$	11,000
Interest		536		0		536
Total	\$	11,536	\$	0	\$	11,536
Grand Total						
Principal	\$	166,800	\$	14,470	\$	181,270
Interest		131,322		713		132,035
Total	\$	298,122	\$	15,183	\$	313,305

Business-Type Activities:

	REVENUE BONDS	OTHER DEBT	TOTAL
Debt Payable at July 1, 2004	\$ 815,000	\$ 13,636	\$ 828,636
Debt Retired	0	(7,435)	(7,435)
New Debt Issued	0	0	0
DEBT PAYABLE AT JUNE 30, 2005	\$ 815,000	\$ 6,201	\$ 821,201

Debt payable at June 30, 2005 is comprised of the following individual issues:

Business-type activities:

Revenue Bonds

\$1,930,000 Sewage Disposal System FmHA Bonds due in annual installments of \$40,000 to \$80,000 through July 1, 2018; interest at 5.0%	\$ 815,000
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CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

Other Debt

Contract Payable - 2000 International Dump Truck-Grader

Equipment pool owes \$476 per month including interest at 7.29% for 72 months through September 2006

Total Business-type activities

	6,201
\$	821,201

The annual requirements to amortize all debt outstanding for the business-type activities as of June 30, 2005, are as follows:

YEAR ENDING JUNE 30,	REVENUE BONDS	OTHER DEBT	TOTAL
2006			
Principal	\$ 40,000	\$ 4,915	\$ 44,915
Interest	39,750	290	40,040
Total	\$ 79,750	\$ 5,205	\$ 84,955
2007			
Principal	\$ 45,000	\$ 1,286	\$ 46,286
Interest	37,625	16	37,641
Total	\$ 82,625	\$ 1,302	\$ 83,927
2008			
Principal	\$ 45,000	\$ 0	\$ 45,000
Interest	35,375	0	35,375
Total	\$ 80,375	\$ 0	\$ 80,375
2009			
Principal	\$ 50,000	\$ 0	\$ 50,000
Interest	33,000	0	33,000
Total	\$ 83,000	\$ 0	\$ 83,000
2010			
Principal	\$ 50,000	\$ 0	\$ 50,000
Interest	30,500	0	30,500
Total	\$ 80,500	\$ 0	\$ 80,500
2011-2015			
Principal	\$ 295,000	\$ 0	\$ 295,000
Interest	110,625	0	110,625
Total	\$ 405,625	\$ 0	\$ 405,625
2016-2019			
Principal	\$ 290,000	\$ 0	\$ 290,000
Interest	30,250	0	30,250
Total	\$ 320,250	\$ 0	\$ 320,250

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

Grand Total			
Principal	\$ 815,000	\$ 6,201	\$ 821,201
Interest	317,125	306	317,431
Total	<u>\$ 1,132,125</u>	<u>\$ 6,507</u>	<u>\$ 1,138,632</u>

G. Transfers In (Out)

The following is a schedule of transfers between funds for the year ending June 30, 2005:

<u>FUND</u>		<u>OPERATING TRANSFERS</u>	
		<u>IN</u>	<u>OUT</u>
<u>General Fund</u>			
To			
Major Street Fund	\$	0	\$ 50,253
Local Street Fund		0	45,700
Park Recreation Fund		0	34,415
Cemetery Fund		0	25,685
Community Recreation Fund		0	45,534
Fire Vehicle Replacement Fund		0	10,000
<u>Special Revenue Fund</u>			
Major Street Fund			
From			
General Fund		50,253	0
To			
Local Street Fund		0	12,600
Local Street Fund			
From			
General Fund		45,700	0
Major Street Fund		12,600	0
Park Recreation Fund			
From			
General Fund		34,415	0
Cemetery Fund			
From			
General Fund		25,685	0

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

Community Recreation Fund		
From		
General Fund	45,534	0
Fire Vehicle Replacement Fund		
From		
General Fund	10,000	0
TOTALS	<u>\$ 224,187</u>	<u>\$ 224,187</u>

I. Interest Income and Interest Expense

Individual fund interest income and interest expense for the primary government for the year ending June 30, 2005, were:

Interest Income and Interest Expense

<u>FUND</u>	<u>INTEREST INCOME</u>	<u>INTEREST EXPENSE</u>
General Fund	\$ 18,233	\$ 0
Special Revenue Fund		
Major Street Fund	7,791	0
Local Street Fund	3,287	0
Park Operation Fund	419	0
Cemetery Operating Fund	5,048	0
1976 Housing Rehabilitation Fund	48	0
1983 Housing Rehabilitation Fund	1,923	0
Community Recreation Fund	251	0
Debt Service Fund		
Debt Service- 2001 Building Authority Bonds	0	8,283
Capital Projects Fund		
Capital Projects- Fire Vehicle	327	0
Enterprise Fund		
Water Supply System	59,109	0
Sewage Disposal System	23,240	40,750
Internal Service Fund		
Equipment Pool Fund	746	1,208
	<u>\$ 120,422</u>	<u>\$ 50,241</u>

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

Interest received in the Cemetery Trust Fund is recorded in the Cemetery Operating Fund and interest received in the Summer Tax Collection Fund and the Winter Tax Collection Fund is recorded in the General Fund.

IV. OTHER INFORMATION

A. Employee Retirement Systems

Plan Description and Provisions:

The City participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at:

MERS
Municipal Employees' Retirement System of Michigan
1134 Municipal Way
Lansing, MI 48917

Funding Status and Progress:

The obligation to contribute to the system for these employees was established by the City Council under Act 427 of Public Acts of 1984 and administered by the State of Michigan. The covered payroll for the year ended June 30, 2005 was \$386,830. The amount contributed by the city was 12.89% of covered payroll. The plan required a contribution from the employees of 3% of the first \$4,200 of annual wages and 5% of annual wages in excess of \$4,200.

Annual Pension Cost:

The annual required contribution was determined as part of an actuarial valuation at December 31, using the entry actual age cost method. Significant actuarial assumptions used in determining the actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation (c) additional projected salary increases ranging from 0.0% to 8.4% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year annually after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four year period. The unfunded actuarial liability is being amortized as a level percentage of payrolls over a period of 30 years.

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

Three-Year Trend Information for MERS

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/03	43,478	100.0%	0
6/30/04	47,629	100.0%	0
6/30/05	50,713	100.0%	0

Schedule of Funding Progress for MERS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarially Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/02	577,401	847,216	269,815	68%	451,347	60%
12/31/03	681,695	910,454	228,759	75%	392,862	58%
12/31/04	783,108	982,807	199,699	80%	367,445	54%

The City also funds an ICMA Retirement Corporation plan for certain employees. For the year ended June 30, 2005 the contribution was \$11,787. These accounts are the property of the employees, thus no GASB 27 disclosures are included in the City's reporting entity.

B. Contingent Liabilities

Federal Grants

The City participates in a number of federally assisted grant programs, principal of which are Community Development Block Grants, and Economic Development Administration Grants. These programs are subject to program compliance audits. The audits of these programs for and including the year ended June 30, 2005, have not yet been completed. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Tax Abatement Proceedings

Currently, the City has several cases being brought to the Michigan Tax Tribunal for reduction of assessed values due to proposed changes in the calculations of valuations on assets of certain taxpayers. If successful in their petition for reduced taxable values, the City's tax revenues may be reduced; the amount of potential reduction is not known.

CITY OF EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters for which the City carries commercial insurance.

D. Commitments and Contracts Let

The City, Chrysler Corporation and Evart Products Textron reached a joint agreement to clean up and maintain the ground water contamination site at the landfill. The plan calls for a ground cap to reduce the flow of contaminants. The plan had a five-year clean up with the first year to require approximately \$130,000 from the City to put the ground cap in place, including topsoil and erosion protection. The City's portion of the site remediation is not expected to exceed \$269,000; to date, the City has expended approximately \$235,835 of this expected amount. The five-year clean up was completed in 2004.

The plan also calls for a maintenance program at the site, which the City will monitor, to ensure the cap is in place and to minimize public contact with the landfill site.

E. Park Site Contributed

The City received from the Local Development Finance Authority a tract of land to be utilized for future Riverside Park expansion. The land is located across the river from the existing camp ground and is expected to be tied together with a foot bridge and will provide several more campsites and general facilities. The tract of land was acquired from a State grant of \$280,000 and a gift of \$110,000 of land from the Booher family. Beginning net assets of the City have been restated to include the value of this land as the transfer took place on September 17, 2003.

F. Joint Venture - Evart Area Joint Fire Department

The city is a member of the Evart Area Joint Fire Department. The Joint Fire Department is a joint venture of the City of Evart, and the townships of Evart, Orient, Osceola, and Sylvan. The City contributed \$32,032 to the current operating budget. Each municipality has agreed to contribute an equivalent of up to one mill each year for fire protection. The June 30, 2004 financial data is the most current available. A summary follows:

Total Assets	\$	576,986
Investment in Fixed Assets		483,242
Balance – Unreserved		28,433
Total Receipts		108,725
Total Disbursements		131,911
Net Increase (Decrease) in Fund Balance		(23,186)

A copy of these audited financial statements may be obtained upon request from the Fire Department treasurer. For the 2003-2004 report the Fire Department was reported as a component unit.

CITY OF EVART
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2005

	GENERAL FUND				MAJOR STREET FUND				LOCAL STREET FUND			
	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>												
Taxes	\$ 566,738	\$ 609,323	\$ 603,013	\$ (6,310)	\$ 6,531	\$ 9,131	\$ 9,181	\$ 50	\$ 6,209	\$ 0	\$ 0	\$ 0
Licenses and Permits	700	700	401	(299)	0	0	0	0	0	0	0	0
State Grants	176,845	176,845	173,701	(3,144)	110,631	125,151	119,173	(5,978)	35,125	39,400	42,255	2,855
Charges for Services	73,250	73,414	56,516	(16,898)	0	0	0	0	0	0	0	0
Fines and Forfeits	550	550	364	(186)	0	0	0	0	0	0	0	0
Interest and Rents	24,210	22,700	18,233	(4,467)	11,406	8,806	7,791	(1,015)	5,679	5,679	3,287	(2,392)
Other Revenue	5,800	5,912	15,634	9,722	0	0	0	0	0	0	0	0
Total Revenues	\$ 848,093	\$ 889,444	\$ 867,862	\$ (21,582)	\$ 128,568	\$ 143,088	\$ 136,145	\$ (6,943)	\$ 47,013	\$ 45,079	\$ 45,542	\$ 463
<u>Expenditures</u>												
Legislative	\$ 5,015	\$ 3,513	\$ 3,513	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Government	177,130	165,161	179,932	14,771	0	0	0	0	0	0	0	0
Public Safety	273,990	349,608	352,609	3,001	0	0	0	0	0	0	0	0
Public Works	159,249	189,313	192,675	3,362	267,773	277,819	226,610	(51,209)	105,313	99,104	50,333	(48,771)
Economic Development and Assistance	300	0	0	0	0	0	0	0	0	0	0	0
Other Functions	37,689	61,912	47,783	(14,129)	0	0	0	0	0	0	0	0
Total Expenditures	\$ 653,373	\$ 769,507	\$ 776,512	\$ 7,005	\$ 267,773	\$ 277,819	\$ 226,610	\$ (51,209)	\$ 105,313	\$ 99,104	\$ 50,333	\$ (48,771)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 194,720	\$ 119,937	\$ 91,350	\$ (28,587)	\$ (139,205)	\$ (134,731)	\$ (90,465)	\$ 44,266	\$ (58,300)	\$ (54,025)	\$ (4,791)	\$ 49,234
<u>Other Financing Sources (Uses)</u>												
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,253	\$ 50,253	\$ 50,253	\$ 0	\$ 58,300	\$ 58,300	\$ 58,300	\$ 0
Transfers Out	(175,880)	(211,587)	(211,587)	0	(12,600)	(12,600)	(12,600)	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ (175,880)	\$ (211,587)	\$ (211,587)	\$ 0	\$ 37,653	\$ 37,653	\$ 37,653	\$ 0	\$ 58,300	\$ 58,300	\$ 58,300	\$ 0
Net Change in Fund Balance	\$ 18,840	\$ (91,650)	\$ (120,237)	\$ (28,587)	\$ (101,552)	\$ (97,078)	\$ (52,812)	\$ 44,266	\$ 0	\$ 4,275	\$ 53,509	\$ 49,234
<u>Fund Balance - Beginning of Year</u>	489,106	489,106	489,106	0	212,484	212,484	212,484	0	87,103	87,103	87,103	0
<u>Fund Balance - End of Year</u>	\$ 507,946	\$ 397,456	\$ 368,869	\$ (28,587)	\$ 110,932	\$ 115,406	\$ 159,672	\$ 44,266	\$ 87,103	\$ 91,378	\$ 140,612	\$ 49,234

CITY OF EVART, MICHIGAN

GENERAL FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	\$ 315,580	\$ 422,860
Receivables		
Accounts - Intergovernmental - State of Michigan	30,112	24,773
Refuse Accounts	13,734	17,049
Taxes	7,877	992
Other	3,254	1,649
Due from Component Units		
Downtown Development Authority	3,150	8,680
Local Development Finance Authority	4,325	18,231
Due from Other Funds		
Major Street Fund	250	0
Park Fund	111	0
Building Authority Fund	1	1
Sewage Disposal System	2,353	53
Water Supply System	1,868	52
Equipment Pool	111	0
Summer Tax	3	0
Winter Tax	12	0
AFLAC Account	958	0
Imprest Payroll Account	543	0
Vendor Account	130	0
Prepaid Expenses	6,264	6,877
 TOTAL ASSETS	 <u>\$ 390,636</u>	 <u>\$ 501,217</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 9,156	\$ 11,655
Due to Other Governments	0	456
Due to Other Funds		
Equipment Pool Fund	12,611	0
 Total Liabilities	 <u>\$ 21,767</u>	 <u>\$ 12,111</u>

CITY OF EVART, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>FUND BALANCE</u>		
Reserved for		
Prepaid Expenses	\$ 6,264	\$ 6,877
Unreserved		
Undesignated	<u>362,605</u>	<u>482,229</u>
Total Fund Balance	<u>\$ 368,869</u>	<u>\$ 489,106</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 390,636</u></u>	<u><u>\$ 501,217</u></u>

CITY OF EVART, MICHIGAN

GENERAL FUND

SUMMARY - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes	\$ 609,323	\$ 603,013	\$ 586,538
Licenses and Permits	700	401	847
State Grants	176,845	173,701	180,056
Charges for Services	73,414	56,516	56,755
Fines and Forfeits	550	364	355
Interest and Rents	22,700	18,233	17,649
Other Revenue	5,912	15,634	136,997
Total Revenues	\$ 889,444	\$ 867,862	\$ 979,197
<u>EXPENDITURES</u>			
Legislative	\$ 3,513	\$ 3,513	\$ 5,228
General Government	165,161	179,932	206,945
Public Safety	349,608	352,609	398,469
Public Works	189,313	192,675	174,583
Other Functions	61,912	47,783	49,435
Total Expenditures	\$ 769,507	\$ 776,512	\$ 834,660
Excess (Deficiency) of Revenues Over Expenditures	\$ 119,937	\$ 91,350	\$ 144,537
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	\$ (211,587)	\$ (211,587)	\$ (133,200)
Net Change in Fund Balance	(91,650)	(120,237)	11,337
<u>FUND BALANCE</u> - Beginning of Year	489,106	489,106	477,769
<u>FUND BALANCE</u> - End of Year	\$ 397,456	\$ 368,869	\$ 489,106

CITY OF EVART, MICHIGAN

GENERAL FUND

DETAIL - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes			
Current Property	\$ 539,645	\$ 539,645	\$ 514,023
Industrial Facilities	18,962	18,963	32,334
Tax Collection Fees	18,665	17,897	19,325
Prior Year Tax Revenue	10,248	4,110	0
Trailer Fees	103	103	0
Payments in Lieu of Tax	17,800	16,056	17,903
Penalties and Interest	3,900	6,239	2,953
	<u>\$ 609,323</u>	<u>\$ 603,013</u>	<u>\$ 586,538</u>
Licenses and Permits			
Dog Licenses	\$ 100	\$ 50	\$ 99
Permits	150	91	178
Variance and Zoning Fees	450	260	570
	<u>\$ 700</u>	<u>\$ 401</u>	<u>\$ 847</u>
State Grants			
State Revenue Sharing			
Sales and Use Tax	\$ 174,945	\$ 171,991	\$ 178,161
Liquor Licenses	1,900	1,710	1,895
	<u>\$ 176,845</u>	<u>\$ 173,701</u>	<u>\$ 180,056</u>
Charges for Services			
Police Reports and Copying Fees	\$ 1,200	\$ 1,450	\$ 685
Restitution	214	484	137
Refuse Collection	72,000	54,582	55,933
	<u>\$ 73,414</u>	<u>\$ 56,516</u>	<u>\$ 56,755</u>
Fines and Forfeits	<u>\$ 550</u>	<u>\$ 364</u>	<u>\$ 355</u>
Interest and Rents			
Interest	<u>\$ 22,700</u>	<u>\$ 18,233</u>	<u>\$ 17,649</u>
Other Revenue			
Cable T.V. Franchise	\$ 5,600	\$ 6,363	\$ 10,502
Copies and Faxes	50	10	12
Police Auxillary Donations	10	984	0
Right of Way Revenue	0	7,449	6,871
Sale of Fixed Assets	0	0	24,000

CITY OF EVART, MICHIGAN

GENERAL FUND

DETAIL - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
Reimbursements	200	709	313
Miscellaneous	52	119	95,299
	\$ 5,912	\$ 15,634	\$ 136,997
Total Revenues	\$ 889,444	\$ 867,862	\$ 979,197
<u>EXPENDITURES</u>			
Legislative			
City Council			
Wages Part-Time	\$ 3,513	\$ 3,513	\$ 5,205
Operating Supplies	0	0	23
Total Legislative	\$ 3,513	\$ 3,513	\$ 5,228
General Government			
Chief Executive			
Wages Part-Time	\$ 1,710	\$ 1,710	\$ 2,165
City Manager			
Salaries	\$ 21,245	\$ 21,247	\$ 25,285
Wages Part-Time	13,625	13,883	12,059
Cash-In-Lieu of Health Insurance	0	7,779	0
Office Supplies	129	128	575
Operating Supplies	120	120	14
Postage	0	5	0
Professional Services	415	415	0
Membership and Dues	317	316	652
Communications	411	411	893
Transportation	869	901	1,112
Printing and Publication	0	0	46
Education and Training	712	712	688
Capital Outlay	0	0	2,460
	\$ 37,843	\$ 45,917	\$ 43,784
Elections			
Wages Part-Time	\$ 1,644	\$ 1,644	\$ 0
Office Supplies	20	20	0
Operating Supplies	62	62	39
Professional Services	209	209	0

CITY OF EVART, MICHIGAN

GENERAL FUND

DETAIL - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
Transportation	81	81	0
Printing and Publication	521	521	428
Education and Training	82	82	90
	<u>\$ 2,619</u>	<u>\$ 2,619</u>	<u>\$ 557</u>
Independent Audit and Accounting			
Professional Services	<u>\$ 6,855</u>	<u>\$ 6,855</u>	<u>\$ 14,979</u>
Treasurer/Accounts Manager			
Salaries and Wages	\$ 18,430	\$ 18,431	\$ 19,357
Cash-In-Lieu of Health Insurance	0	5,802	0
Office Supplies	441	458	337
Operating Supplies	292	291	120
Postage	444	481	580
Professional Services - Software Support	448	515	0
Professional Services - Property Tax Issues	0	0	11,170
Membership and Dues	78	78	40
Transportation	688	687	253
Printing and Publication	2,502	2,674	2,909
Education and Training	205	205	600
Capital Outlay	0	0	1,710
	<u>\$ 23,528</u>	<u>\$ 29,622</u>	<u>\$ 37,076</u>
Assessor			
Postage	\$ 350	\$ 350	\$ 448
Professional Services	9,343	9,343	7,005
Printing and Publication	0	0	431
	<u>\$ 9,693</u>	<u>\$ 9,693</u>	<u>\$ 7,884</u>
Attorney			
Professional Services	<u>\$ 24,908</u>	<u>\$ 24,907</u>	<u>\$ 38,481</u>
City Clerk's Office			
Salaries	\$ 10,075	\$ 10,000	\$ 12,223
Wages - Deputy Clerk	2,360	2,465	311
Wages - Deputy Clerk	11,603	11,603	10,004
Office Supplies	206	205	273

CITY OF EVART, MICHIGAN

GENERAL FUND

DETAIL - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
Office Supplies - Deputy Clerk	0	0	285
Operating Supplies	400	400	0
Operating Supplies - Deputy Clerk	130	130	0
Postage	0	0	24
Professional Services	808	807	325
Professional Services - Deputy Clerk	410	409	0
Communications	298	301	0
Transportation	32	31	0
Transportation - Deputy Clerk	0	0	7
Printing and Publication	4,395	4,731	2,856
Repair and Maintenance	100	100	0
Education and Training	0	0	30
Capital Outlay - Non-Capitalize	589	589	2,398
Capital Outlay - Deputy Clerk	0	0	680
	<u>\$ 31,406</u>	<u>\$ 31,771</u>	<u>\$ 29,416</u>
Board of Review			
Wages	\$ 600	\$ 600	\$ 1,200
Unemployment Compensation	0	0	19
	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ 1,219</u>
Building and Grounds - City Hall			
Office Supplies	\$ 1,687	\$ 1,766	\$ 2,754
Operating Supplies	839	1,371	973
Postage	2,351	2,351	2,190
Professional Services	1,268	1,267	499
Transportation	0	0	14
Membership and Dues	391	391	415
Communications	2,851	2,863	3,160
Printing and Publishing	45	44	1,030
Utilities	7,000	6,406	7,011
Repair and Maintenance	7,139	7,252	4,520
Equipment Rental	1,366	1,466	500
Miscellaneous	103	103	1,770
Capital Outlay - Non-Capitalized	954	954	1,190
	<u>\$ 25,994</u>	<u>\$ 26,234</u>	<u>\$ 26,026</u>

CITY OF EVART, MICHIGAN

GENERAL FUND

DETAIL - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Other			
Taxes Abated and Written Off	\$ 5	\$ 4	\$ 5,358
Total General Government	\$ 165,161	\$ 179,932	\$ 206,945
Public Safety			
Police Department			
Salaries	\$ 50,841	\$ 46,009	\$ 39,601
Wages	34,656	35,574	42,302
Salaries and Wages Part-Time	74,252	77,236	64,798
Wages-Overtime	3,903	4,004	0
Salaries and Wages Secretary	10,468	10,940	0
Officer Douglas Buyout	0	0	80,475
Officer Sly Buyout	0	0	10,765
Medicare	2,553	2,558	2,117
Social Security	12,935	10,939	9,051
Health and Life Insurance	31,178	31,178	35,311
Retirement	12,420	13,328	14,078
Other Fringe Benefits	812	812	1,775
Unemployment Compensation	1,579	2,230	1,526
Worker's Compensation	3,050	3,049	2,492
Office Supplies	3,687	4,210	2,430
Operating Supplies	5,903	6,665	9,026
Postage	111	110	17
Ammunition	1,274	1,274	0
Uniforms	0	0	293
Uniform Allowances	2,483	2,757	1,653
Professional Services	1,505	1,505	473
Membership and Dues	87	87	50
Communications	3,755	3,751	3,869
Transportation	940	940	810
Printing and Publication	381	381	237
Insurance	6,025	6,025	4,201
Utilities	5,579	5,960	4,194
Repair and Maintenance	2,855	2,958	2,967
Building Rental	9,675	9,675	9,625

CITY OF EVART, MICHIGAN

GENERAL FUND

DETAIL - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
Equipment Rental	30,258	30,258	18,377
Equipment Lease Expense	1,000	1,000	0
Education and Training	416	416	1,289
Capital Outlay - Non-Capitalized	1,794	1,794	0
	<u>\$ 316,375</u>	<u>\$ 317,623</u>	<u>\$ 363,802</u>
Police Auxiliary			
Operating Supplies	\$ 1,200	\$ 1,200	\$ 2,158
Uniforms	0	1,754	800
Professional Services	0	0	100
Education and Training	0	0	50
	<u>\$ 1,200</u>	<u>\$ 2,954</u>	<u>\$ 3,108</u>
Fire Protection			
Intergovernmental Expenditure	\$ 32,033	\$ 32,032	\$ 31,559
Total Public Safety	<u>\$ 349,608</u>	<u>\$ 352,609</u>	<u>\$ 398,469</u>
Public Works			
Landfill			
Professional Services	\$ 3,418	\$ 3,580	\$ 4,998
Printing and Publication	0	10	153
Repair and Maintenance	0	11	800
Equipment Rental	535	352	500
	<u>\$ 3,953</u>	<u>\$ 3,953</u>	<u>\$ 6,451</u>
Department of Public Works			
Salaries	\$ 8,964	\$ 7,828	\$ 4,081
Wages	9,336	9,740	18,705
Salaries - Part-Time	7,461	7,886	0
Office Supplies	0	0	278
Operating Supplies	2,338	2,437	5,362
Postage	94	18	0
Professional Services	379	379	0
Membership and Dues	0	0	428
Licenses	0	0	41
Physicals	107	107	342

CITY OF EVART, MICHIGAN

GENERAL FUND

DETAIL - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
Communications	582	607	318
Transportation	69	69	193
Printing and Publication	113	113	242
Utilities	8,546	8,197	4,114
Repair and Maintenance	2,804	2,803	3,528
Equipment Rentals	12,091	15,935	14,560
Education and Training	6	5	513
Interest, Fines and Penalties	0	0	200
	<u>\$ 52,890</u>	<u>\$ 56,124</u>	<u>\$ 52,905</u>
Airport			
Wages	\$ 1,750	\$ 1,864	\$ 1,847
Operating Supplies	0	0	80
Professional Services	0	0	813
Membership and Dues	0	0	95
Licenses	95	95	0
Communications	662	556	601
Insurance	2,686	2,686	2,537
Utilities	1,309	1,288	1,538
Repair and Maintenance	8,223	8,383	3,285
Equipment Rental	4,221	5,216	2,300
Education and Training	0	0	429
	<u>\$ 18,946</u>	<u>\$ 20,088</u>	<u>\$ 13,525</u>
Tree Trimming and Maintenance			
Salaries and Wages	\$ 4,355	\$ 3,749	\$ 2,780
Membership and Dues	75	75	0
Repair and Maintenance	2,895	2,895	858
Equipment Rental	11,146	10,494	520
	<u>\$ 18,471</u>	<u>\$ 17,213</u>	<u>\$ 4,158</u>
Street Lighting			
Electricity	\$ 22,603	\$ 22,849	\$ 25,314
Refuse Collection			
Professional Services	\$ 72,450	\$ 72,448	\$ 72,230
Total Public Works	<u>\$ 189,313</u>	<u>\$ 192,675</u>	<u>\$ 174,583</u>

CITY OF EVART, MICHIGAN

GENERAL FUND

DETAIL - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Other Functions			
Fringe Benefits			
Medicare	\$ 1,905	\$ 1,922	\$ 1,823
Social Security	8,147	8,218	7,793
Health and Life Insurance	23,178	10,065	8,592
Retirement	11,284	10,044	7,559
Compensated Absences	827	826	9,550
Unemployment Compensation	525	662	332
	<u>\$ 45,866</u>	<u>\$ 31,737</u>	<u>\$ 35,649</u>
Insurance			
Worker's Compensation	\$ 1,936	\$ 1,936	\$ 1,131
Other	13,110	13,110	11,379
	<u>\$ 15,046</u>	<u>\$ 15,046</u>	<u>\$ 12,510</u>
Special Events			
Community Promotion	\$ 1,000	\$ 1,000	\$ 1,276
Total Other Functions	<u>\$ 61,912</u>	<u>\$ 47,783</u>	<u>\$ 49,435</u>
Total Expenditures	<u>\$ 769,507</u>	<u>\$ 776,512</u>	<u>\$ 834,660</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 119,937</u>	<u>\$ 91,350</u>	<u>\$ 144,537</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	<u>\$ (211,587)</u>	<u>\$ (211,587)</u>	<u>\$ (133,200)</u>
Net Change in Fund Balance	<u>\$ (91,650)</u>	<u>\$ (120,237)</u>	<u>\$ 11,337</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>477,769</u>	<u>489,106</u>	<u>477,769</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 386,119</u></u>	<u><u>\$ 368,869</u></u>	<u><u>\$ 489,106</u></u>

CITY OF EVART, MICHIGAN

MAJOR STREET FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	2005	2004
<u>ASSETS</u>		
Cash	\$ 142,763	\$ 265,526
Intergovernmental Receivable - State of Michigan	18,355	20,397
Special Assessments Receivable	64,850	74,032
Due from Other Funds		
Sewer Fund	0	8,231
Prepaid Expense	848	1,173
TOTAL ASSETS	\$ 226,816	\$ 369,359
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 418	\$ 52,795
Due to Other Funds		
General Fund	250	0
Local Street Fund	0	30,048
Equipment Pool Fund	1,626	0
Deferred Revenue	64,850	74,032
Total Liabilities	\$ 67,144	\$ 156,875
<u>FUND BALANCE</u>		
Reserved for		
Prepaid Expenses	\$ 848	\$ 1,173
Unreserved	158,824	211,311
Total Fund Balance	\$ 159,672	\$ 212,484
TOTAL LIABILITIES AND FUND BALANCE	\$ 226,816	\$ 369,359

CITY OF EVART, MICHIGAN
MAJOR STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes			
High Street Special Assessment	\$ 847	\$ 447	\$ 414
Main Street Special Assessment	8,284	8,734	8,225
State Grants			
State Revenue Sharing - Act 51	118,200	115,991	120,194
Trunkline Maintenance	6,951	3,182	4,281
Interest and Rents			
Interest	8,806	7,791	3,851
Total Revenues	<u>\$ 143,088</u>	<u>\$ 136,145</u>	<u>\$ 136,965</u>
<u>EXPENDITURES</u>			
Public Works			
Street Construction			
Wages	\$ 356	\$ 119	\$ 0
Professional Services	15,000	0	0
Repair and Maintenance	50,000	0	0
Equipment Rentals	2,000	695	123
Capital Outlay - Construction	111,598	151,315	138,452
	<u>\$ 178,954</u>	<u>\$ 152,129</u>	<u>\$ 138,575</u>
Routine Maintenance			
Wages	\$ 5,617	\$ 5,142	\$ 5,037
Operating Supplies	1,600	1,297	2,114
Repair and Maintenance	20,010	11,066	13,840
Equipment Rentals	9,785	10,108	9,353
	<u>\$ 37,012</u>	<u>\$ 27,613</u>	<u>\$ 30,344</u>
Winter Maintenance			
Wages	\$ 4,620	\$ 4,619	\$ 4,923
Operating Supplies	7,549	7,548	7,233
Equipment Rentals	11,554	11,554	14,516
	<u>\$ 23,723</u>	<u>\$ 23,721</u>	<u>\$ 26,672</u>

CITY OF EVART, MICHIGAN
MAJOR STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Sidewalks			
Wages	\$ 225	\$ 0	\$ 0
Operating Supplies	350	255	0
Repair and Maintenance	5,145	138	0
Equipment Rentals	600	115	0
	<u>\$ 6,320</u>	<u>\$ 508</u>	<u>\$ 0</u>
Administration			
Wages	\$ 3,851	\$ 3,576	\$ 2,269
Medicare	208	199	193
Social Security	887	852	826
Health Insurance	3,988	3,988	3,728
Retirement	1,933	1,953	1,440
Other Fringe Benefits	134	133	65
Unemployment Compensation	93	115	59
Worker's Compensation	915	915	712
Operating Supplies	17	17	21
Professional Services	1,190	1,189	1,059
Memberships and Dues	0	0	46
Insurance	368	369	97
	<u>\$ 13,584</u>	<u>\$ 13,306</u>	<u>\$ 10,515</u>
Sweeping			
Professional Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 667</u>
Shoulder Work			
Salaries and Wages	\$ 0	\$ 0	\$ 42
Equipment Rental	600	0	26
	<u>\$ 600</u>	<u>\$ 0</u>	<u>\$ 68</u>
Drainage			
Wages	\$ 51	\$ 0	\$ 297
Operating Supplies	200	0	0
Professional Services	250	0	0
Equipment Rental	1,800	0	38
	<u>\$ 2,301</u>	<u>\$ 0</u>	<u>\$ 335</u>

CITY OF EVART, MICHIGAN
MAJOR STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Grass and Weed Control			
Salaries and Wages	\$ 610	\$ 0	\$ 132
Operating Supplies	200	0	17
	<u>\$ 810</u>	<u>\$ 0</u>	<u>\$ 149</u>
Traffic Signs			
Salaries and Wages	\$ 71	\$ 0	\$ 134
Operating Supplies	1,000	422	281
Equipment Rental	600	0	0
	<u>\$ 1,671</u>	<u>\$ 422</u>	<u>\$ 415</u>
State Trunkline			
Wages	\$ 304	\$ 284	\$ 729
Operating Supplies	500	0	366
Professional Services	500	0	0
Utilities	4,600	6,451	5,200
Repair and Maintenance	3,440	727	678
Equipment Rentals	3,500	1,449	1,489
	<u>\$ 12,844</u>	<u>\$ 8,911</u>	<u>\$ 8,462</u>
Total Expenditures	<u>\$ 277,819</u>	<u>\$ 226,610</u>	<u>\$ 216,202</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (134,731)</u>	<u>\$ (90,465)</u>	<u>\$ (79,237)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 50,253	\$ 50,253	\$ 70,000
Transfers Out	(12,600)	(12,600)	(30,048)
Total Other Financing Sources (Uses)	<u>\$ 37,653</u>	<u>\$ 37,653</u>	<u>\$ 39,952</u>
Net Change in Fund Balance	<u>\$ (97,078)</u>	<u>\$ (52,812)</u>	<u>\$ (39,285)</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>212,484</u>	<u>212,484</u>	<u>251,769</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 115,406</u>	<u>\$ 159,672</u>	<u>\$ 212,484</u>

CITY OF EVART, MICHIGAN

LOCAL STREET FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	2005	2004
<u>ASSETS</u>		
Cash	\$ 136,782	\$ 90,785
Intergovernmental Receivable - State of Michigan	6,305	6,895
Due from Other Funds		
Major Street Fund	0	30,048
Prepaid Expenses	364	525
TOTAL ASSETS	<u>\$ 143,451</u>	<u>\$ 128,253</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 73	\$ 68
Due to Other Funds		
General Fund	111	0
Water Supply System	0	7,446
Equipment Pool Fund	2,655	0
Advances From Other Funds		
Water Supply System	0	33,636
Total Liabilities	<u>\$ 2,839</u>	<u>\$ 41,150</u>
<u>FUND BALANCE</u>		
Reserved for		
Prepaid Expense	\$ 364	\$ 525
Unreserved		
Undesignated	140,248	86,578
Total Fund Balance	<u>\$ 140,612</u>	<u>\$ 87,103</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 143,451</u>	<u>\$ 128,253</u>

CITY OF EVART, MICHIGAN

LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Grants			
State Revenue Sharing - Act 51	\$ 39,400	\$ 42,255	\$ 40,571
Interest and Rents			
Interest	5,679	3,287	1,850
Total Revenues	\$ 45,079	\$ 45,542	\$ 42,421
<u>EXPENDITURES</u>			
Public Works			
Street Construction			
Wages	\$ 92	\$ 0	\$ 0
Equipment Rentals	1,200	550	75
	\$ 1,292	\$ 550	\$ 75
Routine Maintenance			
Wages	\$ 3,929	\$ 3,726	\$ 5,113
Operating Supplies	1,200	113	0
Repair and Maintenance	8,260	6,863	10,938
Equipment Rentals	10,600	7,463	11,294
	\$ 23,989	\$ 18,165	\$ 27,345
Winter Maintenance			
Wages	\$ 4,705	\$ 4,705	\$ 4,712
Operating Supplies	7,444	7,444	7,232
Equipment Rentals	11,212	11,212	12,203
	\$ 23,361	\$ 23,361	\$ 24,147
Sidewalks			
Wages	\$ 62	\$ 0	\$ 0
Operating Supplies	250	0	0
Repairs and Maintenance	586	0	0
Equipment Rentals	1,200	0	30
	\$ 2,098	\$ 0	\$ 30
Administration			
Wages	\$ 1,566	\$ 1,589	\$ 994
Medicare	144	145	162

CITY OF EVART, MICHIGAN

LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
Social Security	615	621	691
Health Insurance	4,201	1,773	4,362
Retirement	1,432	1,097	1,504
Other Fringe Benefits	100	59	65
Unemployment Compensation	73	51	52
Worker's Compensation	540	445	925
Operating Supplies	102	0	15
Professional Services	1,500	1,189	1,059
Printing and Publishing	17	17	0
Insurance	97	0	97
Education and Training	100	0	46
Principal Payments	33,636	0	0
Interest Expense	1,271	1,271	0
Capital Outlay - Non Capitalized	150	0	0
	<u>\$ 45,544</u>	<u>\$ 8,257</u>	<u>\$ 9,972</u>
Drainage			
Wages	\$ 20	\$ 0	\$ 278
Operating Supplies	0	0	371
Equipment Rental	1,200	0	0
	<u>\$ 1,220</u>	<u>\$ 0</u>	<u>\$ 649</u>
Grass and Weed Control			
Operating Supplies	\$ 100	\$ 0	\$ 0
Traffic Signs			
Operating Supplies	\$ 1,500	\$ 0	\$ 132
Total Public Works	<u>\$ 99,104</u>	<u>\$ 50,333</u>	<u>\$ 62,350</u>
Debt Service			
Interest and Fiscal Charges	0	0	3,215
Total Expenditures	<u>\$ 99,104</u>	<u>\$ 50,333</u>	<u>\$ 65,565</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (54,025)</u>	<u>\$ (4,791)</u>	<u>\$ (23,144)</u>

CITY OF EVART, MICHIGAN

LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 58,300	\$ 58,300	\$ 43,548
Net Change in Fund Balance	\$ 4,275	\$ 53,509	\$ 20,404
<u>FUND BALANCE</u> - Beginning of Year	87,103	87,103	66,699
<u>FUND BALANCE</u> - End of Year	<u>\$ 91,378</u>	<u>\$ 140,612</u>	<u>\$ 87,103</u>

CITY OF EVART, MICHIGAN

WATER SUPPLY SYSTEM
COMPARATIVE STATEMENT OF NET ASSETS

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 1,978,729	\$ 2,362,585
Receivables		
Accounts	162,729	89,355
Special Assessments	32,424	35,455
Estimated Uncollectable Accounts	(200)	(200)
Due from Other Funds		
Local Street Fund	0	7,446
Prepaid Expenses	1,594	3,456
Total Current Assets	<u>\$ 2,175,276</u>	<u>\$ 2,498,097</u>
<u>ADVANCE TO OTHER FUNDS</u>		
Local Street Fund	<u>\$ 0</u>	<u>\$ 33,636</u>
<u>CAPITAL ASSETS</u>		
Land	\$ 5,500	\$ 5,500
Building	32,960	32,960
Machinery and Equipment	97,863	94,076
Mains and Connections	3,199,082	2,922,700
Tower	1,198,586	1,198,586
Wells and Building Controls	1,232,870	940,496
Meters	168,339	77,438
	<u>\$ 5,935,200</u>	<u>\$ 5,271,756</u>
Less Accumulated Depreciation	<u>1,805,587</u>	<u>1,681,783</u>
Total Capital Assets, net	<u>\$ 4,129,613</u>	<u>\$ 3,589,973</u>
<u>TOTAL ASSETS</u>	<u><u>\$ 6,304,889</u></u>	<u><u>\$ 6,121,706</u></u>

CITY OF EVART, MICHIGAN
WATER SUPPLY SYSTEM
COMPARATIVE STATEMENT OF NET ASSETS

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 135,036	\$ 22,856
Customer Deposits Payable	1,931	1,741
Due to Other Funds		
General Fund	1,868	52
Equipment Pool Fund	6,248	0
	<hr/>	<hr/>
Total Current Liabilities	\$ 145,083	\$ 24,649
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	\$ 4,129,613	\$ 3,589,973
Unrestricted	2,030,193	2,507,084
	<hr/>	<hr/>
TOTAL NET ASSETS	<u>\$ 6,159,806</u>	<u>\$ 6,097,057</u>

CITY OF EVART, MICHIGAN

WATER SUPPLY SYSTEM

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Sales	\$ 554,000	483,453	\$ 571,110
Water Tap-In Fees	3,300	675	4,700
Water Testing Fees	0	0	1,380
Taxes	4,338	2,482	2,800
Other Revenue			
State Grant	5,285	5,284	0
Restricted Capital Grant	200,000	0	0
Penalties on Delinquent Accounts	1,400	7,446	6,211
Reimbursements	80	0	16
Total Operating Revenues	<u>\$ 768,403</u>	<u>\$ 499,340</u>	<u>\$ 586,217</u>
<u>OPERATING EXPENSES</u>			
Public Works			
Administration and General			
Salaries	\$ 28,400	\$ 28,399	\$ 27,638
Wages	5,236	5,261	15,666
Medicare	1,533	1,538	1,449
Social Security	6,550	6,575	6,313
Health and Life Insurance	20,527	20,526	20,250
Retirement	15,716	14,751	10,763
Fringe Benefits	986	985	1,021
Unemployment Compensation	885	829	695
Worker's Compensation	1,575	1,574	1,179
Office Supplies	729	953	537
Operating Supplies	490	489	1,613
Postage	2,052	2,051	2,540
Professional Services	7,865	7,865	7,618
Professional Services - Nestle	240	240	0
Membership and Dues	1,102	1,102	662
Communications	120	137	529

CITY OF EVART, MICHIGAN

WATER SUPPLY SYSTEM

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
Transportation	292	291	931
Printing and Publishing	113	113	158
Insurance	0	0	3,361
Repair and Maintenance	110	26	363
Education and Training	220	220	520
Capital Outlay - Non-Capitalized	90,901	0	0
Miscellaneous	27	109	0
	<u>\$ 185,669</u>	<u>\$ 94,034</u>	<u>\$ 103,806</u>
Plant			
Salaries	\$ 3,484	3,115	\$ 11,233
Office Supplies	175	175	0
Operating Supplies	9,552	10,426	21,886
Professional Services	12,919	1,518	6,690
Memberships and Dues	171	171	314
Communications	2,832	2,840	3,341
Gas and Oil	0	0	397
Insurance	1,551	1,551	1,614
Utilities	67,916	72,204	73,333
Repair and Maintenance	3,500	18,935	3,316
Equipment Rental	5,607	7,884	1,854
Education and Training	350	350	0
Capital Outlay - North Main Street	276,383	0	0
Depreciation	122,330	123,804	116,752
	<u>\$ 506,770</u>	<u>\$ 242,973</u>	<u>\$ 240,730</u>
Collection and Distribution			
Wages	\$ 45,101	47,173	\$ 42,689
Operating Supplies	26,465	28,309	15,537
Professional Services	16,992	0	3,116
Repair and Maintenance	41,400	43,437	28,035
Equipment Rental	19,132	20,622	17,613
Capital Outlay - Non-Capitalized	35,202	0	0
Capital Outlay - Well Improvements	662,112	0	0
	<u>\$ 846,404</u>	<u>\$ 139,541</u>	<u>\$ 106,990</u>

CITY OF EVART, MICHIGAN

WATER SUPPLY SYSTEM

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Accounting and Collection			
Wages	\$ 19,023	19,022	\$ 0
Operating Supplies	130	130	0
	<u>\$ 19,153</u>	<u>\$ 19,152</u>	<u>\$ 0</u>
Total Operating Expenses	<u>\$ 1,557,996</u>	<u>\$ 495,700</u>	<u>\$ 451,526</u>
Operating Income (Loss)	\$ (789,593)	\$ 3,640	\$ 134,691
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	<u>55,215</u>	<u>59,109</u>	<u>44,318</u>
Change in Net Assets	\$ (734,378)	\$ 62,749	\$ 179,009
<u>NET ASSETS</u> - Beginning of Year	<u>6,097,057</u>	<u>6,097,057</u>	<u>5,918,048</u>
<u>NET ASSETS</u> - End of Year	<u><u>\$ 5,362,679</u></u>	<u><u>\$ 6,159,806</u></u>	<u><u>\$ 6,097,057</u></u>

CITY OF EVART, MICHIGAN

WATER SUPPLY SYSTEM
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers and Other Revenues	\$ 436,633	\$ 565,733
Cash Payments to Suppliers for Goods and Services	(146,820)	(245,448)
Cash Payments to Employees for Services	(102,970)	(97,226)
Net Cash Provided by Operating Activities	\$ 186,843	\$ 223,059
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	\$ (663,444)	\$ (102,602)
Cash Flows from Investing Activities		
Interest Received	\$ 59,109	\$ 44,318
Collections of Advances	33,636	31,692
Net Cash Provided (Used) by Investing Activities	\$ 92,745	\$ 76,010
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (383,856)	\$ 196,467
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<u>2,362,585</u>	<u>2,166,118</u>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 1,978,729</u>	<u>\$ 2,362,585</u>

CITY OF EVART, MICHIGAN

WATER SUPPLY SYSTEM
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>RECONCILIATION OF OPERATING INCOME TO</u> <u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 3,640	\$ 134,691
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation	\$ 123,804	\$ 116,752
(Increase) Decrease in Current Assets		
Accounts Receivable	(73,374)	(17,963)
Special Assessments Receivable	3,031	4,645
Due from Other Funds	7,446	(7,446)
Prepaid Expenses	1,862	(2,628)
Increase (Decrease) in Current Liabilities		
Accounts Payable	112,180	(3,625)
Due to Other Funds	8,064	(1,647)
Customer Deposit Payable	190	280
Total Adjustments	\$ 183,203	\$ 88,368
Net Cash Provided (Used) by Operating Activities	<u>\$ 186,843</u>	<u>\$ 223,059</u>

CITY OF EVART, MICHIGAN

SEWAGE DISPOSAL SYSTEM

COMPARATIVE STATEMENT OF NET ASSETS

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 511,331	\$ 571,868
Receivables		
Accounts	87,036	69,977
Estimated Uncollectable Accounts	(200)	(200)
Inventory	1,154	1,154
Prepaid Expense	1,704	2,796
	<hr/>	<hr/>
Total Current Assets	\$ 601,025	\$ 645,595
	<hr/>	<hr/>
<u>RESTRICTED ASSETS</u>		
Cash	\$ 361,503	\$ 350,544
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Land	\$ 458,091	\$ 458,091
Machinery and Equipment	315,447	293,644
Treatment System	2,387,281	2,387,281
Collection Lines	3,103,136	2,917,249
	<hr/>	<hr/>
Less Accumulated Depreciation	\$ 6,263,955	\$ 6,056,265
	<hr/>	<hr/>
Total Capital Assets, net	\$ 4,092,583	\$ 4,008,232
	<hr/>	<hr/>
TOTAL ASSETS	\$ 5,055,111	\$ 5,004,371
	<hr/> <hr/>	<hr/> <hr/>

CITY OF EVART, MICHIGAN

SEWAGE DISPOSAL SYSTEM

COMPARATIVE STATEMENT OF NET ASSETS

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 14,965	\$ 12,095
Accrued Interest Payable	20,375	0
Due to Other Funds		
General Fund	2,353	53
Major Street Fund	0	8,231
Equipment Pool Fund	5,604	0
	<hr/>	<hr/>
Total Current Liabilities	\$ 43,297	\$ 20,379
<u>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</u>		
Current Portion of Long-Term Debt		
Sewage System Bonds	40,000	40,000
<u>LONG-TERM LIABILITIES</u>		
Revenue Bonds Payable	775,000	775,000
	<hr/>	<hr/>
Total Liabilities	\$ 858,297	\$ 835,379
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	\$ 3,277,583	\$ 3,193,232
Unrestricted	919,231	975,760
	<hr/>	<hr/>
TOTAL NET ASSETS	<u>\$ 4,196,814</u>	<u>\$ 4,168,992</u>

CITY OF EVART, MICHIGAN

SEWAGE DISPOSAL SYSTEM

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Sales	\$ 510,528	\$ 494,398	\$ 517,862
Tap In Fees	3,000	2,300	4,600
Testing Fees	5,000	4,810	0
Reimbursements Revenue	0	6,017	109
Other Revenue			
Penalties on Delinquent Accounts	4,000	2,886	4,237
Total Operating Revenues	<u>\$ 522,528</u>	<u>\$ 510,411</u>	<u>\$ 526,808</u>
<u>OPERATING EXPENSES</u>			
Public Works			
Administration and General			
Salaries	\$ 20,954	\$ 20,953	\$ 24,175
Salaries and Wages	5,155	5,179	15,522
Medicare	1,466	1,464	1,388
Social Security	6,270	6,261	5,936
Health and Life Insurance	13,436	13,435	10,779
Retirement	20,915	19,665	17,534
Fringe Benefits	1,172	1,171	1,502
Unemployment Compensation	794	871	856
Worker's Compensation	969	969	1,443
Office Supplies	415	414	331
Operating Supplies	218	217	215
Postage	1,588	1,587	1,879
Professional Services	8,215	8,215	6,345
Membership and Dues	476	476	790
Communications	656	674	312
Transportation	147	147	198
Insurance	657	657	657
Repair and Maintenance	702	117	229

CITY OF EVART, MICHIGAN

SEWAGE DISPOSAL SYSTEM

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
Education and Training	127	127	385
	\$ 84,332	\$ 82,599	\$ 90,476
Treatment and Irrigation Facility			
Salaries	\$ 44,947	\$ 46,391	\$ 40,221
Salaries and Wages	1,200	1,112	7,015
Salaries and Wages - Part Time	3,000	2,245	0
Office Supplies	150	92	133
Operating Supplies	33,765	37,080	28,719
Professional Services	0	0	8,352
Membership and Dues	250	0	72
Communications	3,763	3,766	3,457
Transportation	200	0	0
Gas and Oil	0	0	184
Printing and Publishing	130	0	0
Insurance	1,038	988	1,038
Utilities	74,500	74,417	77,852
Repair and Maintenance	46,533	46,363	28,898
Equipment Rental	15,600	17,852	4,635
Education and Training	500	0	146
Capital Outlay - North Main Street	185,880	0	0
Capital Outlay - Non-Capitalized	21,804	0	0
Depreciation	122,875	123,339	125,323
	\$ 556,135	\$ 353,645	\$ 326,045
Collection System			
Wages	\$ 24,274	\$ 24,106	\$ 7,857
Operating Supplies	130	130	10
Repair and Maintenance	693	692	791
Equipment Rental	3,869	3,907	18,540
	\$ 28,966	\$ 28,835	\$ 27,198
Total Operating Expenses	\$ 669,433	\$ 465,079	\$ 443,719
Operating Income (Loss)	\$ (146,905)	\$ 45,332	\$ 83,089

CITY OF EVART, MICHIGAN

SEWAGE DISPOSAL SYSTEM

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	\$ 20,600	\$ 23,240	\$ 16,223
Interest and Fiscal Charges	(60,375)	(40,750)	(42,750)
Total Nonoperating Revenues (Expenses)	\$ (39,775)	\$ (17,510)	\$ (26,527)
Change in Net Assets	\$ (186,680)	\$ 27,822	\$ 56,562
<u>NET ASSETS</u> - Beginning of Year	<u>4,168,992</u>	<u>4,168,992</u>	<u>4,112,430</u>
<u>NET ASSETS</u> - End of Year	<u>\$ 3,982,312</u>	<u>\$ 4,196,814</u>	<u>\$ 4,168,992</u>

CITY OF EVART, MICHIGAN
SEWAGE DISPOSAL SYSTEM
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers and Other Revenues	\$ 493,352	\$ 607,802
Cash Payments to Suppliers for Goods and Services	(243,876)	(256,093)
Cash Payments to Employees for Services	(73,854)	(94,790)
	<u>\$ 175,622</u>	<u>\$ 256,919</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	\$ (207,690)	\$ (24,985)
Principal Paid on Bonds	0	(40,000)
Interest on Bonds	(40,750)	(42,750)
	<u>\$ (248,440)</u>	<u>\$ (107,735)</u>
Cash Flows from Investing Activities		
Interest Received	\$ 23,240	\$ 16,223
	<u>\$ (49,578)</u>	<u>\$ 165,407</u>
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<u>922,412</u>	<u>757,005</u>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 872,834</u>	<u>\$ 922,412</u>

CITY OF EVART, MICHIGAN
SEWAGE DISPOSAL SYSTEM
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>RECONCILIATION OF OPERATING INCOME TO</u> <u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 45,332	\$ 83,089
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation	\$ 123,339	\$ 125,323
(Increase) Decrease in Current Assets		
Accounts Receivable	(17,059)	75,669
Due from Other Funds	0	5,325
Prepaid Expenses	1,092	(1,902)
Increase (Decrease) in Current Liabilities		
Accounts Payable	2,870	(36,866)
Accrued Interest Payable	20,375	0
Due to Other Funds	(327)	6,281
Total Adjustments	<u>\$ 130,290</u>	<u>\$ 173,830</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 175,622</u>	<u>\$ 256,919</u>

CITY OF EVART
EVART, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2005

	Special Revenue Funds					Debt Service Funds		Capital Project Funds		Permanent Fund	Total
			<u>1976</u>	<u>1983</u>		General	Police				
	Park		Housing	Housing	Community	Obligation	Facility	Police	Fire	Cemetery	Non-Major
	Recreation	Cemetery	Rehabilitation	Rehabilitation	Recreation	Series 1988	Debt Retirement	Facility	Vehicle	Perpetual Care	Governmental Funds
<u>Assets</u>											
Cash	\$ 27,428	\$ 29,064	\$ 1,735	\$ 91,804	\$ 13,133	\$ 3	\$ 1	\$ 1	\$ 21,172	\$ 0	\$ 184,341
Mortgage Receivable (Net of Uncollectables)	0	0	17,914	411	0	0	0	0	0	0	18,325
Due from Other Funds	0	0	900	0	0	0	0	0	0	120	1,020
Prepaid Expense	201	103	0	0	522	0	0	0	0	0	826
Restricted Assets											
Cash	0	0	0	0	0	0	0	0	0	134,959	134,959
Total Assets	<u>\$ 27,629</u>	<u>\$ 29,167</u>	<u>\$ 20,549</u>	<u>\$ 92,215</u>	<u>\$ 13,655</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 21,172</u>	<u>\$ 135,079</u>	<u>\$ 339,471</u>
<u>Liabilities and Fund Balance</u>											
<u>Liabilities</u>											
Accounts Payable	\$ 3,613	\$ 23	\$ 0	\$ 0	\$ 2,616	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28	\$ 6,280
Due to Other Funds	3,682	345	0	900	0	0	0	1	0	0	4,928
Deferred Revenue	0	0	17,914	411	0	0	0	0	0	0	18,325
Total Liabilities	<u>\$ 7,295</u>	<u>\$ 368</u>	<u>\$ 17,914</u>	<u>\$ 1,311</u>	<u>\$ 2,616</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 28</u>	<u>\$ 29,533</u>
<u>Fund Balance</u>											
Reserved for Prepaid Expenses	\$ 201	\$ 103	\$ 0	\$ 0	\$ 522	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 826
Reserved for Debt Service	0	0	0	0	0	3	1	0	0	0	4
Reserved for Endowment	0	0	0	0	0	0	0	0	0	135,051	135,051
Designated for Skate Park	0	0	0	0	575	0	0	0	0	0	575
Designated for Equipment	0	0	0	0	3,944	0	0	0	0	0	3,944
Unreserved, Undesignated	20,133	28,696	2,635	90,904	5,998	0	0	0	21,172	0	169,538
Total Fund Balances	<u>\$ 20,334</u>	<u>\$ 28,799</u>	<u>\$ 2,635</u>	<u>\$ 90,904</u>	<u>\$ 11,039</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 21,172</u>	<u>\$ 135,051</u>	<u>\$ 309,938</u>
Total Liabilities and Fund Balance	<u>\$ 27,629</u>	<u>\$ 29,167</u>	<u>\$ 20,549</u>	<u>\$ 92,215</u>	<u>\$ 13,655</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 21,172</u>	<u>\$ 135,079</u>	<u>\$ 339,471</u>

CITY OF EVART
EVART, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2005

	Special Revenue Funds					Debt Service Funds		Capital Project Funds		Permanent Fund	Total
	Park		1976	1983		General	Police			Cemetery	Non-Major
	Recreation	Cemetery	Housing	Housing	Community	Obligation	Facility	Police	Fire	Perpetual	Governmental
			Rehabilitation	Rehabilitation	Recreation	Series 1988	Debt Retirement	Facility	Vehicle	Care	Funds
<u>REVENUES</u>											
Contributions from Local Units	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,700
Charges for Services	0	24,704	0	0	17,564	0	0	0	0	400	42,668
Interest and Rents	15,769	5,048	48	1,923	251	0	11,383	0	327	0	34,749
Other	706	0	0	4,066	6,725	0	0	0	0	0	11,497
Total Revenues	\$ 16,475	\$ 29,752	\$ 48	\$ 5,989	\$ 75,240	\$ 0	\$ 11,383	\$ 0	\$ 327	\$ 400	\$ 139,614
<u>EXPENDITURES</u>											
General Government	\$ 0	\$ 42,523	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28	\$ 42,551
Recreation and Cultural	63,734	0	0	0	129,140	0	0	0	0	0	192,874
Community and											
Economic Development	0	0	0	900	0	0	0	0	0	0	900
Debt Service											
Principal	0	0	0	0	0	0	3,100	0	0	0	3,100
Interest and Fiscal Charges	0	0	0	0	0	0	8,283	0	0	0	8,283
Total Expenditures	\$ 63,734	\$ 42,523	\$ 0	\$ 900	\$ 129,140	\$ 0	\$ 11,383	\$ 0	\$ 0	\$ 28	\$ 247,708
Excess (Deficiency) of											
Revenues Over (Under)											
Expenditures	\$ (47,259)	\$ (12,771)	\$ 48	\$ 5,089	\$ (53,900)	\$ 0	\$ 0	\$ 0	\$ 327	\$ 372	\$ (108,094)
<u>OTHER FINANCING SOURCES</u>											
Transfers In	34,415	25,685	0	0	45,534	0	0	0	10,000	0	115,634
Net Change in Fund Balance	\$ (12,844)	\$ 12,914	\$ 48	\$ 5,089	\$ (8,366)	\$ 0	\$ 0	\$ 0	\$ 10,327	\$ 372	\$ 7,540
<u>FUND BALANCE -</u>											
Beginning of Year	33,178	15,885	2,587	85,815	19,405	3	1	0	10,845	134,679	302,398
<u>FUND BALANCE -</u>											
End of Year	\$ 20,334	\$ 28,799	\$ 2,635	\$ 90,904	\$ 11,039	\$ 3	\$ 1	\$ 0	\$ 21,172	\$ 135,051	\$ 309,938

CITY OF EVART, MICHIGAN
PARK RECREATION FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	\$ 27,428	\$ 34,384
Prepaid Expenses	201	199
TOTAL ASSETS	<u>\$ 27,629</u>	<u>\$ 34,583</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 3,613	\$ 1,405
Due to Other Funds		
Equipment Pool Fund	3,682	0
Total Liabilities	<u>\$ 7,295</u>	<u>\$ 1,405</u>
<u>FUND BALANCE</u>		
Reserved for		
Prepaid Expense	\$ 201	\$ 199
Unreserved		
Undesignated	20,133	22,974
Total Fund Balance	<u>\$ 20,334</u>	<u>\$ 23,173</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 27,629</u>	<u>\$ 24,578</u>

CITY OF EVART, MICHIGAN

PARK RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 350	\$ 419	\$ 427
Rents	13,200	15,350	13,944
Other Revenue			
Miscellaneous	391	706	370
Total Revenues	<u>\$ 13,941</u>	<u>\$ 16,475</u>	<u>\$ 14,741</u>
<u>EXPENDITURES</u>			
Recreation and Culture			
Riverside Park			
Wages	\$ 14,222	\$ 14,684	\$ 4,804
Medicare	214	218	77
Social Security	913	933	330
Retirement	124	118	578
Unemployment Compensation	70	83	69
Worker's Compensation	162	183	284
Office Supplies	5	5	21
Operating Supplies	8,493	7,731	2,292
Professional Services	4,155	4,154	3,829
Licenses	75	75	39
Communications	80	79	114
Publishing and Printing	175	175	137
Insurance	65	65	167
Utilities	2,471	2,509	2,510
Repairs and Maintenance	3,224	2,850	278
Equipment Rental	15,179	16,023	1,120
Refunds and Rebates	0	0	10
Capital Outlay - Non-Capitalized	9,723	9,723	0
	<u>\$ 59,350</u>	<u>\$ 59,608</u>	<u>\$ 16,659</u>

CITY OF EVART, MICHIGAN

PARK RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
Other Parks			
Wages	\$ 800	\$ 372	\$ 519
Operating Supplies	1,610	3,057	1,947
Utilities	119	117	111
Repairs and Maintenance	400	144	0
Equipment Rental	256	436	500
	<u>\$ 3,185</u>	<u>\$ 4,126</u>	<u>\$ 3,077</u>
 Total Expenditures	 <u>\$ 62,535</u>	 <u>\$ 63,734</u>	 <u>\$ 19,736</u>
 Excess (Deficiency) of Revenues Over Expenditures	 \$ (48,594)	 \$ (47,259)	 \$ (4,995)
 <u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	<u>34,415</u>	<u>34,415</u>	<u>15,000</u>
 Net Change in Fund Balance	 \$ (14,179)	 \$ (12,844)	 \$ 10,005
 <u>FUND BALANCE</u> - Beginning of Year	 <u>33,178</u>	 <u>33,178</u>	 <u>23,173</u>
 <u>FUND BALANCE</u> - End of Year	 <u>\$ 18,999</u>	 <u>\$ 20,334</u>	 <u>\$ 33,178</u>

CITY OF EVART, MICHIGAN
CEMETERY FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	\$ 29,064	\$ 16,146
Prepaid Expense	103	59
TOTAL ASSETS	<u>\$ 29,167</u>	<u>\$ 16,205</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 23	\$ 216
Due to Other Funds		
Equipment Pool Fund	225	0
Cemetery Trust Fund	120	104
Total Liabilities	<u>\$ 368</u>	<u>\$ 320</u>
<u>FUND BALANCE</u>		
Reserved for		
Prepaid Expense	\$ 103	\$ 59
Unreserved	28,696	15,826
Total Fund Balance	<u>\$ 28,799</u>	<u>\$ 15,885</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 29,167</u>	<u>\$ 16,205</u>

CITY OF EVART, MICHIGAN

CEMETERY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Charges for Services			
Cemetery Storage	\$ 50	\$ 0	\$ 100
Foundation Installation	2,300	4,739	2,940
Grave Opening/Closing	11,000	15,165	12,623
Sale of Cemetery Lots	3,700	4,800	3,475
Interest and Rents			
Interest	3,250	5,048	3,601
Total Revenues	<u>\$ 20,300</u>	<u>\$ 29,752</u>	<u>\$ 22,739</u>
<u>EXPENDITURES</u>			
General Government			
Cemetery			
Wages	\$ 3,984	\$ 969	\$ 884
Medicare	58	14	13
Social Security	247	60	55
Retirement	73	15	73
Unemployment	76	0	0
Worker's Compensation	69	54	88
Operating Supplies	420	1,438	866
Professional Services	38,039	38,609	37,424
Communications	50	17	32
Publishing and Printing	141	59	0
Insurance	85	14	85
Utilities	130	135	193
Repairs and Maintenance	8	186	569
Equipment Rental	1,422	953	2,195
	<u>\$ 44,802</u>	<u>\$ 42,523</u>	<u>\$ 42,477</u>
Debt Service			
Principal	\$ 1,156	\$ 0	\$ 0
Interest and Fiscal Charges	27	0	26
	<u>\$ 1,183</u>	<u>\$ 0</u>	<u>\$ 26</u>
Total Expenditures	<u>\$ 45,985</u>	<u>\$ 42,523</u>	<u>\$ 42,503</u>

CITY OF EVART, MICHIGAN

CEMETERY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (25,685)	\$ (12,771)	\$ (19,764)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	<u>25,685</u>	<u>25,685</u>	<u>27,500</u>
Net Change in Fund Balance	\$ 0	\$ 12,914	\$ 7,736
<u>FUND BALANCE</u> - Beginning of Year	<u>15,885</u>	<u>15,885</u>	<u>8,149</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 15,885</u>	<u>\$ 28,799</u>	<u>\$ 15,885</u>

CITY OF EVART, MICHIGAN

1976 HOUSING REHABILITATION FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	\$ 1,735	\$ 2,587
Receivables		
Mortgages	19,914	19,914
Estimated Uncollectible Loans	(2,000)	(2,000)
Due from 1983 Housing Rehabilitation Fund	900	0
TOTAL ASSETS	<u>\$ 20,549</u>	<u>\$ 20,501</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 17,914	\$ 17,914
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	2,635	2,587
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 20,549</u>	<u>\$ 20,501</u>

CITY OF EVART, MICHIGAN

1976 HOUSING REHABILITATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 0	\$ 48	\$ 788
<u>EXPENDITURES</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 48	\$ 788
<u>FUND BALANCE</u> - Beginning of Year	<u>2,587</u>	<u>2,587</u>	<u>1,799</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 2,587</u>	<u>\$ 2,635</u>	<u>\$ 2,587</u>

CITY OF EVART, MICHIGAN

1983 HOUSING REHABILITATION FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	\$ 91,804	\$ 85,844
Receivables		
Mortgages	1,411	5,448
Estimated Uncollectible Loans	(1,000)	(1,000)
TOTAL ASSETS	<u>\$ 92,215</u>	<u>\$ 90,292</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to 1976 Housing Rehabilitation Fund	\$ 900	\$ 0
Deferred Revenue	411	4,477
TOTAL LIABILITIES	<u>\$ 1,311</u>	<u>\$ 4,477</u>
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	90,904	85,815
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 92,215</u>	<u>\$ 90,292</u>

CITY OF EVART, MICHIGAN

1983 HOUSING REHABILITATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 850	\$ 1,923	\$ 608
Other			
MSHDA Loan Repayments	0	4,066	0
Total Revenues	\$ 850	\$ 5,989	\$ 608
<u>EXPENDITURES</u>			
Economic Development and Assistance			
Redevelopment and Housing			
Housing Rehabilitation			
Professional Services	850	900	851
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 0	\$ 5,089	\$ (243)
<u>FUND BALANCE</u> - Beginning of Year	85,815	85,815	86,058
<u>FUND BALANCE</u> - End of Year	\$ 85,815	\$ 90,904	\$ 85,815

CITY OF EVART, MICHIGAN

COMMUNITY RECREATION FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	2005	2004
<u>ASSETS</u>		
Cash	\$ 13,133	\$ 19,951
Prepaid Expenses	522	500
TOTAL ASSETS	<u>\$ 13,655</u>	<u>\$ 20,451</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	<u>\$ 2,616</u>	<u>\$ 1,046</u>
<u>FUND BALANCE</u>		
Reserved for		
Prepaid Expense	\$ 522	\$ 500
Unreserved		
Designated for Skate Park	575	5,091
Designated for Little League Equipment	1,951	9,111
Designated for Pop Warner Football	1,993	0
Undesignated	<u>5,998</u>	<u>4,703</u>
Total Fund Balance	<u>\$ 11,039</u>	<u>\$ 19,405</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,655</u>	<u>\$ 20,451</u>

CITY OF EVART, MICHIGAN

COMMUNITY RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Contributions from Local Units			
Evert Township	\$ 0	\$ 500	\$ 500
Orient Township	0	200	200
Local Development Finance Authority	50,000	50,000	0
Charges for Services			
Registration Fees	21,000	13,115	15,416
Promotional Sales	1,895	1,895	13,311
Pop Warner Football	0	2,554	0
Interest and Rents			
Interest	150	251	164
Rents	100	0	0
Other Revenue			
Evert Community Chest	850	850	850
Youth Bake Sale	0	4,020	0
Contributions and Donations for Skate Park	50,000	575	0
Contributions and Donations for Guyton Park	50,000	950	0
Contributions and Donations from Private Sources	265	330	5,090
Total Revenues	<u>\$ 174,260</u>	<u>\$ 75,240</u>	<u>\$ 35,531</u>

EXPENDITURES

Recreation and Culture

Community Recreation

Wages	\$ 15,200	\$ 14,739	\$ 14,739
Medicare	220	214	214
Social Security	942	914	914
Unemployment Compensation	275	307	265
Worker's Compensation	575	458	284
Office Supplies	0	5	0
Operating Supplies	1,000	1,159	1,190
Awards	1,400	644	693

CITY OF EVART, MICHIGAN

COMMUNITY RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
Equipment Expense	3,500	0	1,972
Pop Warner Equipment - Donations	0	561	0
Professional Services	8,335	5,725	8,292
Travel Expenses	250	0	0
Publishing and Printing	0	0	438
Repairs and Maintenance	527	0	332
Equipment Rental	600	0	885
Refunds and Rebates	0	0	15
Skate Park Expenses - Donations	0	55,091	0
Capital Outlay - Little League Equipment	0	11,180	0
Capital Outlay - Non-Capitalized	135,000	2,147	0
Capital Outlay - Skate Park	57,061	35,996	0
Total Expenditures	\$ 224,885	\$ 129,140	\$ 30,233
Excess (Deficiency) of Revenues Over Expenditures	\$ (50,625)	\$ (53,900)	\$ 5,298
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 45,534	\$ 45,534	\$ 7,200
Net Change in Fund Balance	\$ (5,091)	\$ (8,366)	\$ 12,498
<u>FUND BALANCE</u> - Beginning of Year	7,053	19,405	6,907
<u>FUND BALANCE</u> - End of Year	\$ 1,962	\$ 11,039	\$ 19,405

CITY OF EVART, MICHIGAN

GENERAL OBLIGATION SERIES 1988 FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	<u>\$ 3</u>	<u>\$ 3</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service	<u>3</u>	<u>3</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3</u>	<u>\$ 3</u>

CITY OF EVART, MICHIGAN

GENERAL OBLIGATION SERIES 1988 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	<u>3</u>	<u>3</u>	<u>3</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 3</u>

POLICE FACILITY DEBT RETIREMENT FUND
COMPARATIVE BALANCE SHEET

	2005	2004
<u>ASSETS</u>		
Cash	\$ 1	\$ 1
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service	1	1
TOTAL LIABILITIES AND FUND BALANCE	\$ 1	\$ 1

CITY OF EVART, MICHIGAN

POLICE FACILITY DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Other			
Interest and Rents	\$ 11,324	\$ 11,383	\$ 11,324
<u>EXPENDITURES</u>			
Debt Service			
Principal	\$ 2,900	\$ 3,100	\$ 2,900
Interest and Fiscal Charges	8,424	8,283	8,424
Total Expenditures	\$ 11,324	\$ 11,383	\$ 11,324
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	1	1	1
<u>FUND BALANCE</u> - End of Year	\$ 1	\$ 1	\$ 1

CITY OF EVART, MICHIGAN

CAPITAL PROJECTS - BUILDING AUTHORITY - POLICE FACILITY
COMPARATIVE BALANCE SHEET

YEAR ENDED JUNE 30, 2005

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	<u>\$ 1</u>	<u>\$ 1</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to General Fund	\$ 1	\$ 1
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1</u>	<u>\$ 1</u>

CITY OF EVART, MICHIGAN

CAPITAL PROJECTS - BUILDING AUTHORITY - POLICE FACILITY
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>REVENUES</u>	\$ 0	\$ 0
<u>EXPENDITURES</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF EVART, MICHIGAN

CAPITAL PROJECTS - FIRE VEHICLE FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	<u>\$ 21,172</u>	<u>\$ 10,845</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	<u>21,172</u>	<u>10,845</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 21,172</u>	<u>\$ 10,845</u>

CITY OF EVART, MICHIGAN

CAPITAL PROJECTS - FIRE VEHICLE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 260	\$ 327	\$ 144
<u>EXPENDITURES</u>			
Capital Outlay - Non-Capitalized	<u>20,000</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,740)	\$ 327	\$ 144
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Net Change in Fund Balance	\$ (9,740)	\$ 10,327	\$ 144
<u>FUND BALANCE</u> - Beginning of Year	<u>10,845</u>	<u>10,845</u>	<u>10,701</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,105</u>	<u>\$ 21,172</u>	<u>\$ 10,845</u>

CITY OF EVART, MICHIGAN

PERMANENT FUND

CEMETERY PERPETUAL CARE FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash - Restricted Assets	\$ 134,959	\$ 134,575
Due from Other Funds	120	104
	<u>135,079</u>	<u>134,679</u>
Total Assets	<u>\$ 135,079</u>	<u>\$ 134,679</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 28	\$ 0
<u>FUND BALANCE</u>		
Reserved for Endowment	<u>135,051</u>	<u>134,679</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 135,079</u>	<u>\$ 134,679</u>

CITY OF EVART, MICHIGAN

PERMANENT FUND
CEMETERY PERPETUAL CARE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>REVENUES</u>		
Charges for Services		
Perpetual Care	\$ 400	\$ 250
<u>EXPENSES</u>	<u>28</u>	<u>0</u>
Net Income	\$ 372	\$ 250
<u>FUND BALANCE</u> - Beginning of Year	<u>134,679</u>	<u>134,429</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 135,051</u>	<u>\$ 134,679</u>

CITY OF EVART, MICHIGAN

EQUIPMENT POOL FUND
COMPARATIVE STATEMENT OF NET ASSETS

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 59,144	\$ 87,916
Due from Other Funds		
General Fund	12,611	0
Major Street Fund	1,626	0
Local Street Fund	2,655	0
Park Recreation Fund	3,682	0
Cemetery Fund	225	0
Sewer Fund	5,604	0
Water Fund	6,248	0
Prepaid Expense	737	1,313
Total Current Assets	\$ 92,532	\$ 89,229
<u>CAPITAL ASSETS</u>		
Machinery and Equipment	\$ 659,838	\$ 635,819
Less Accumulated Depreciation	(379,238)	(364,211)
Net Capital Assets	\$ 280,600	\$ 271,608
TOTAL ASSETS	\$ 373,132	\$ 360,837

CITY OF EVART, MICHIGAN

EQUIPMENT POOL FUND
COMPARATIVE STATEMENT OF NET ASSETS

JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 4,850	\$ 5,508
Due to General Fund	111	0
Current Portion of Long-Term Liabilities		
Equipment Contracts	<u>16,385</u>	<u>19,435</u>
Total Current Liabilities	\$ 21,346	\$ 24,943
<u>LONG-TERM LIABILITIES</u>		
Dump Truck Contract	<u>4,286</u>	<u>20,671</u>
Total Liabilities	<u>\$ 25,632</u>	<u>\$ 45,614</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 259,929	\$ 231,502
Unrestricted	<u>87,571</u>	<u>83,721</u>
TOTAL NET ASSETS	<u>\$ 347,500</u>	<u>\$ 315,223</u>

CITY OF EVART, MICHIGAN

EQUIPMENT POOL FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OPERATING REVENUES</u>			
Equipment Rental			
General Fund	\$ 59,617	\$ 63,721	\$ 36,380
Major Street Fund	29,768	23,921	25,912
Local Street Fund	25,412	19,225	23,973
Community Recreation Fund	600	0	600
Park Recreation Fund	15,179	16,460	1,500
Cemetery Fund	1,422	953	1,500
Sewage Disposal System	19,469	23,859	23,175
Water Supply System	24,739	26,405	19,467
Total Operating Revenues	\$ 176,206	\$ 174,544	\$ 132,507
<u>OPERATING EXPENSES</u>			
Equipment Pool Activities			
Salaries and Wages	\$ 16,652	\$ 16,808	\$ 17,505
Medicare	255	244	254
Social Security	1,089	1,042	1,085
Health Insurance	1,929	1,773	6,670
Retirement	1,535	1,622	4,071
Other Fringe Benefits	60	59	253
Unemployment Compensation	195	51	191
Worker's Compensation	797	658	615
Operating Supplies	2,321	2,321	6,150
Postage	0	0	5
Professional Services	2,796	2,795	1,801
Membership and Dues	300	300	0
Transportation	50	28	0
Gas and Oil	26,794	26,535	14,244
Printing and Publishing	113	113	0
Insurance	11,275	11,238	11,100
Utilities	128	105	199
Repair and Maintenance	22,980	25,174	36,719
Building Rent Expense	1,708	1,707	1,699

CITY OF EVART, MICHIGAN

EQUIPMENT POOL FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	2005		2004
	BUDGET	ACTUAL	ACTUAL
Education and Training	100	16	0
Capital Outlay - Capitalized	60,019	0	0
Depreciation	54,471	48,027	42,853
Total Operating Expenses	\$ 205,567	\$ 140,616	\$ 145,414
Operating Income (Loss)	\$ (29,361)	\$ 33,928	\$ (12,907)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	\$ 2,000	\$ 746	\$ 1,208
Sale of Equipment	0	0	1,100
Interest and Fiscal Charges	(21,832)	(2,397)	(3,736)
Total Nonoperating Revenues (Expenses)	\$ (19,832)	\$ (1,651)	\$ (1,428)
Change in Net Assets	\$ (49,193)	\$ 32,277	\$ (14,335)
<u>NET ASSETS</u> - Beginning of Year	315,223	315,223	329,558
<u>NET ASSETS</u> - End of Year	\$ 266,030	\$ 347,500	\$ 315,223

CITY OF EVART, MICHIGAN
EQUIPMENT POOL FUND
COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Operating Transactions with Other Funds	\$ 141,893	\$ 141,071
Cash Payments to Suppliers for Goods and Services	(75,752)	(86,686)
Cash Payments to Employees for Services	(16,808)	\$ (17,505)
	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	\$ 49,333	\$ 36,880
	<u> </u>	<u> </u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	\$ (60,019)	\$ (39,519)
Interest Paid on Equipment Contract	(2,397)	(3,736)
Principal Paid on Equipment Contract	(19,435)	(18,099)
Proceeds from Sale of Equipment	3,000	1,100
	<u> </u>	<u> </u>
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (78,851)	\$ (60,254)
	<u> </u>	<u> </u>
Cash Flows from Investing Activities:		
Interest on Investments	\$ 746	\$ 1,208
	<u> </u>	<u> </u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (28,772)	\$ (22,166)
	<u> </u>	<u> </u>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	87,916	110,082
	<u> </u>	<u> </u>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u>\$ 59,144</u>	<u>\$ 87,916</u>

CITY OF EVART, MICHIGAN
EQUIPMENT POOL FUND
COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2005</u>	<u>2004</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u> <u>PROVIDED BY OPERATING ACTIVITIES</u>		
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 33,928	\$ (12,907)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	\$ 48,027	\$ 42,853
(Increase) Decrease in Current Assets		
Due from Other Funds	(32,651)	8,564
Prepaid Expense	576	(1,098)
Increase (Decrease) in Current Liabilities		
Accounts Payable	(658)	0
Due to Other Funds	111	0
	<u>15,405</u>	<u>50,319</u>
Total Adjustments	\$	\$
	15,405	50,319
Net Cash Provided (Used) by Operating Activities	<u>\$ 49,333</u>	<u>\$ 37,412</u>

CITY OF EVART, MICHIGAN

FIDUCIARY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005

	EXTERNAL AGENCY FUNDS				INTERNAL AGENCY FUNDS			
	AGENCY	SUMMER TAX	WINTER TAX	TOTALS	AFLAC ACCOUNTS	IMPREST PAYROLL	VENDOR ACCOUNT	TOTALS
<u>ASSETS</u>								
Cash	\$ 138,221	\$ 3	\$ 12	\$ 138,236	\$ 1,115	\$ 543	\$ 130	\$ 1,788
Personal Property Taxes Receivable	18,195	0	0	18,195	0	0	0	0
Total Assets	<u>\$ 156,416</u>	<u>\$ 3</u>	<u>\$ 12</u>	<u>\$ 156,431</u>	<u>\$ 1,115</u>	<u>\$ 543</u>	<u>\$ 130</u>	<u>\$ 1,788</u>
<u>LIABILITIES</u>								
Accounts Payable	\$ 130,621	\$ 3	\$ 12	\$ 130,636	\$ 1,115	\$ 543	\$ 130	\$ 1,788
Due to Other Governmental Units	25,795	0	0	25,795	0	0	0	0
Total Liabilities	<u>\$ 156,416</u>	<u>\$ 3</u>	<u>\$ 12</u>	<u>\$ 156,431</u>	<u>\$ 1,115</u>	<u>\$ 543</u>	<u>\$ 130</u>	<u>\$ 1,788</u>

CITY OF EVART, MICHIGAN

1988 SEWAGE DISPOSAL SYSTEM REVENUE BONDS

JUNE 30, 2005

<u>TITLE OF ISSUE</u>	FmHA 1988 Sewage Disposal System Bonds Payable		
<u>PURPOSE</u>	Construction of Sanitary Sewage Disposal System including treatment, collection and lift station.		
<u>DATE OF ISSUE</u>	July 1, 1988		
<u>AMOUNT OF ISSUE</u>	\$ 1,930,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 1,115,000		
During Current Period	<u>0</u>	<u>1,115,000</u>	
<u>BALANCE OUTSTANDING</u> - June 30, 2005			<u>\$ 815,000</u>

SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS

<u>DUE DATES</u>	<u>RATE</u>	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
July 1, 2005	5.00%	\$ 60,375	\$ 20,375	\$ 40,000
January 1, 2006		19,375	19,375	
July 1, 2006	5.00%	64,375	19,375	45,000
January 1, 2007		18,250	18,250	
July 1, 2007	5.00%	63,250	18,250	45,000
January 1, 2008		17,125	17,125	
July 1, 2008	5.00%	67,125	17,125	50,000
January 1, 2009		15,875	15,875	
July 1, 2009	5.00%	65,875	15,875	50,000
January 1, 2010		14,625	14,625	
July 1, 2010	5.00%	69,625	14,625	55,000
January 1, 2011		13,250	13,250	
July 1, 2011	5.00%	68,250	13,250	55,000
January 1, 2012		11,875	11,875	
July 1, 2012	5.00%	71,875	11,875	60,000
January 1, 2013		10,375	10,375	
July 1, 2013	5.00%	70,375	10,375	60,000

CITY OF EVART, MICHIGAN

1988 SEWAGE DISPOSAL SYSTEM REVENUE BONDS

JUNE 30, 2005

<u>DUE DATES</u>	<u>RATE</u>	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
January 1, 2014		8,875	8,875	
July 1, 2014	5.00%	73,875	8,875	65,000
January 1, 2015		7,250	7,250	
July 1, 2015	5.00%	72,250	7,250	65,000
January 1, 2016		5,625	5,625	
July 1, 2016	5.00%	75,625	5,625	70,000
January 1, 2017		3,875	3,875	
July 1, 2017	5.00%	78,875	3,875	75,000
January 1, 2018		2,000	2,000	
July 1, 2018	5.00%	82,000	2,000	80,000
		<u>\$ 1,132,125</u>	<u>\$ 317,125</u>	<u>\$ 815,000</u>

PRIOR REDEMPTION

Bonds maturing in the years 2000 through 2007 are subject to scheduled call provisions.

CITY OF EVART, MICHIGAN

POLICE FACILITY - BUILDING AUTHORITY SERIES 2001 BONDS

JUNE 30, 2005

<u>TITLE OF ISSUE</u>	Building Authority Bonds, Series 2001		
<u>PURPOSE</u>	Construction of new Police facility.		
<u>DATE OF ISSUE</u>	September 6, 2001		
<u>INTEREST RATE</u>	4.875%		
<u>INTEREST PAYABLE</u>	May 1 and November 1		
<u>AMOUNT OF ISSUE</u>		\$	178,300
<u>AMOUNT REDEEMED</u>			
Prior to Current Period		\$	8,400
During Current Period			3,100
			<u>11,500</u>
<u>BALANCE OUTSTANDING - June 30, 2005</u>		\$	<u>166,800</u>

SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS

<u>DUE DATES</u>	<u>RATE</u>	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2005		\$ 4,066	\$ 4,066	
May 1, 2006	4.875%	7,366	4,066	\$ 3,300
November 1, 2006		3,985	3,985	
May 1, 2007	4.875%	7,385	3,985	3,400
November 1, 2007		3,902	3,902	
May 1, 2008	4.875%	7,502	3,902	3,600
November 1, 2008		3,815	3,815	
May 1, 2009	4.875%	7,615	3,815	3,800
November 1, 2009		3,722	3,722	
May 1, 2010	4.875%	7,722	3,722	4,000
November 1, 2010		3,625	3,625	
May 1, 2011	4.875%	7,825	3,625	4,200
November 1, 2011		3,522	3,522	

CITY OF EVART, MICHIGAN

POLICE FACILITY - BUILDING AUTHORITY SERIES 2001 BONDS

JUNE 30, 2005

<u>DUE DATES</u>	<u>RATE</u>	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2012	4.875%	7,922	3,522	4,400
November 1, 2012		3,415	3,415	
May 1, 2013	4.875%	8,015	3,415	4,600
November 1, 2013		3,303	3,303	
May 1, 2014	4.875%	8,103	3,303	4,800
November 1, 2014		3,186	3,186	
May 1, 2015	4.875%	8,286	3,186	5,100
November 1, 2015		3,061	3,061	
May 1, 2016	4.875%	8,361	3,061	5,300
November 1, 2016		2,932	2,932	
May 1, 2017	4.875%	8,532	2,932	5,600
November 1, 2017		2,796	2,796	
May 1, 2018	4.875%	8,696	2,796	5,900
November 1, 2018		2,652	2,652	
May 1, 2019	4.875%	8,852	2,652	6,200
November 1, 2019		2,501	2,501	
May 1, 2020	4.875%	9,001	2,501	6,500
November 1, 2020		2,342	2,342	
May 1, 2021	4.875%	9,142	2,342	6,800
November 1, 2021		2,177	2,177	
May 1, 2022	4.875%	9,277	2,177	7,100
November 1, 2022		2,004	2,004	
May 1, 2023	4.875%	9,504	2,004	7,500
November 1, 2023		1,821	1,821	
May 1, 2024	4.875%	9,721	1,821	7,900
November 1, 2024		1,628	1,628	
May 1, 2025	4.875%	9,828	1,628	8,200
November 1, 2025		1,428	1,428	
May 1, 2026	4.875%	10,028	1,428	8,600
November 1, 2026		1,219	1,219	
May 1, 2027	4.875%	10,219	1,219	9,000
November 1, 2027		999	999	
May 1, 2028	4.875%	10,499	999	9,500
November 1, 2028		768	768	
May 1, 2029	4.875%	10,768	768	10,000

CITY OF EVART, MICHIGAN

POLICE FACILITY - BUILDING AUTHORITY SERIES 2001 BONDS

JUNE 30, 2005

<u>DUE DATES</u>	<u>RATE</u>	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2029		524	524	
May 1, 2030	4.875%	11,024	524	10,500
November 1, 2030		268	268	
May 1, 2031	4.875%	11,268	268	11,000
TOTALS		\$ 298,122	\$ 131,322	\$ 166,800

PRIOR REDEMPTION

Bonds will be subject to redemption prior to maturity at the option of the Authority, in any order, in whole or in part, in integral multiples of \$100, on any date, at par, plus accrued interest to the redemption date.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

August 30, 2005

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and City Council
City of Evart
Evart, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evart, Michigan, as of and for the year ended June 30, 2005, which collectively comprise the City of Evart's basic financial statements and have issued our report thereon dated August 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Evart's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Evart's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in a letter to management dated August 30, 2005.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described in a letter to management dated August 30, 2005, is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ewart's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

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JERRY L. COTTER, C.P.A.
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JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
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STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

August 30, 2005

City of Evart
200 South Main Street
Evart, Michigan

Dear Mayor, Council Members, City Manager and Staff:

We have completed our audit of the financial statements of the City of Evart, Michigan, and are communicating to you our findings and recommendations for the year ended June 30, 2005.

Headlee Rollback - Property Tax Levy

In 2004-2005 the City levied 14.5539 mills due to the Headlee rollback. An increase to the statutory, 15.0000 mills, would produce an additional \$21,192 in tax revenue.

We recommend the City contact their attorney to see what the proper procedures are to waive the Headlee Amendment rollback (Article 9, Section 31 of the Michigan Constitution).

Condition of Accounting Records

The City's accounting records were found to be in good order. The Treasurer, Pamela Wayne, is to be commended for a job well done.

Taxes Collected and Proper Distribution

Tax collection and distribution was found to be much improved over prior years. The Treasurer is to be commended for her excellent efforts in this area.

Budgetary Accounting

The legal budget for each fund was found to be in good order. The timing of amendments and the budget monitoring by staff and management were in adherence with the State of Michigan budget guidelines. We believe the treasurer and manager did an excellent job in budgeting for the year.

Exclusion of LDFA and DDA Financial Statement Information

The audited financial statements of the City of Evart do not include the financial data of the Local Development Finance Authority or the Downtown Development Authority. The audit for these component units of the City of Evart has not been completed as of the date of this letter. Therefore,

through consultation with the City Manager, it was decided that the inclusion of the financial data of the LDFA and DDA would cause an unnecessary delay in the issuance of the audited financial statements of the City of Evart so these component units have not been included in the annual audit of the City of Evart.

We recommend the City contact its component units and request a timely coordination of the annual audits so that the inclusion of the necessary information can be reported with the primary government's report. The information is not required to be consolidated by the State of Michigan. However, generally accepted accounting principles do require the data. The City declined to wait for the issuance of the component unit reports. We recommend the City Council and City Manager review the component unit audit reports and management letter for issues which may affect the City when those documents are available.

Donation of Park Land

The donation of the park land across the river from Riverside Park was recorded as a Capital Asset in the beginning net assets at a value of \$390,000. This was acquired by the Local Development Finance Authority, through a state grant of \$280,000 and a gift of \$110,000 by the Booher family.

Donation of US-10 Beautification Project

The donation of the US-10 Beautification Project valued at \$733,120 was recorded as revenue and the cost was capitalized. The Local Development Finance Authority completed the project and donated the improvements to the City upon completion. We recommend the City maintain an awareness of the projects the Downtown Development Authority and the Local Development Finance Authority are completing and once all requirements are met for ownership to pass to the City, the asset should be recorded in the City's accounting records.

Swap of Cemetery Land for DNR Land

The City is swapping vacant cemetery land for a parcel owned by the DNR. The Local Development Finance Authority is contributing \$125,000 and the City is contributing \$125,000 towards the swap. We recommend the City's contribution of \$125,000 be recorded in the Water fund.

Local Street Fund

The Local Street Fund is in much improved condition and has paid off the advance from the Water Fund, which it borrowed to complete the Cherry Street Project.

Reportable Condition of Internal Controls

In planning and performing our audit of the financial statements of the City of Evart for the year ended June 30, 2005, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could

adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement.

The relatively small number of people involved in the accounting functions of the City make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the City Council must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is not a material weakness.

The foregoing is a communication which is required by Statement on Auditing Standards Number 60. However, we realize that it might not be feasible for the City Council to establish a larger accounting staff in order to implement additional segregation of duties.

Evart Area Joint Fire Department

The City is a party to the joint venture of the Evart Fire Department. For the last several years the department has been audited along with the City every year. This practice came under question and it was recommended that the department be audited when its headquarters unit Orient Township is audited. The determination of the headquarters unit is determined by "who is keeping the accounting records". The records have been kept by Pauline Marsh, Treasurer of Orient Township. The effect of this change will be to only refer to the department's financial numbers in the City's footnotes and because Orient Township is audited every other year, then the Fire Department would only be required to be audited every other year.

We wish to thank the council for the opportunity to be of service. If we can be of further service in implementing any of the above recommendations, we would be glad to work with the staff and administration. If you have any questions on the above or any other matters, please contact us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.